



**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA



ANNUAL REPORT – 2012-13

Island Regulatory and Appeals Commission
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LETTER OF TRANSMITTAL



The Honourable J. Alan McIsaac
Minister of Education and Early Childhood Education
Province of Prince Edward Island

Honourable Mr. McIsaac:

The Island Regulatory and Appeals Commission has the honour to present its Annual Report for the year ended March 31, 2013.

Respectfully submitted,

Maurice Rodgeron
Chair

COMMENTS FROM THE CHAIR



I am pleased to provide the annual report of the Prince Edward Island Regulatory and Appeals Commission covering the period April 1, 2012 to March 31, 2013 and offer some observations on the activities of the Commission over the past year.

IRAC has produced a package of Rules of Practice and Procedure for hearings. This project has brought together in one publication and consistent format the various practices and rules adopted by the Commission since its inception over two decades ago. It is hoped that the publication will be of assistance to all appearing before the Commission, especially the many who appear as individuals representing their own interests and often not familiar with the operation of administrative and adjudicative tribunals. The Commission takes pride

in setting a tone that fosters an individual's confidence to appear before the Commission and receive a fair hearing and decision.

Energy prices were more stable over the past year but the continued upward price pressure causes affordability challenges for many Island consumers. The energy market continues to change at all levels from the distribution companies to the major suppliers, with even the future of the Dartmouth refinery in doubt.

The PEI Energy Accord eliminates the need for rate hearings by the Commission but there was a significant application from the City of Summerside Electric Utility that resulted in an 11 day hearing before the Commission. The utility was seeking approval for construction of its own transmission line from the Summerside substation to the MECL substation in Bedeque and interconnection with the Bedeque substation.

In June the Commission released its decision on the appeal filed by Atlantic Health Spa Ltd. regarding a development on the Charlottetown waterfront. The Commission's decision was appealed to the Supreme Court.

Water and sewer construction and rate applications were on par with the previous year. The rising costs of meeting environmental regulations, replacing aging infrastructure and expanding services puts pressure on many utilities, especially those with a smaller customer base. Construction applications are also heavily influenced by the availability of funding assistance from the provincial and federal governments. A longer term funding arrangement would facilitate more consistent development and upgrading of utility services.

With auto insurance rate regulation entering its 8th year, the Commission has initiated a process to review the approach to regulation and ensure it is meeting the objectives. The Commission strives to maintain a balance between regulatory burden and rate protection, taking some comfort in our province consistently having among the lowest rates in Canada.

Demand for services through the Office of the Director of Residential Rental Property continues to grow with more than 11,000 inquiries placing added pressure on staff. The equivalent of almost an order a day reflects both the sizable rental market in the province and increased understanding of the Act and the responsibilities it places on both lessors and lessees.

This past year the number of applications under the Lands Protection Act increased. Non-resident applications are on par with recent years but still below pre-recessionary levels. Corporate applications reflect a fourth year of growth. The number of disclosures filed increased to the highest level since the program was introduced reflecting a growing number of individuals and corporations controlling sufficient acreage to trigger disclosure requirements.

Mid-November the Provincial Government announced the appointment of a Commission of Inquiry to review the Lands Protection Act. The Commission, as administrator of the Act, welcomes the review and looks forward to any recommendations that will update the Act while maintaining the integrity of this unique and important Island legislation.

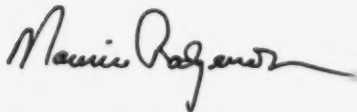
The Commission has also initiated a review of its internal organizational structure to ensure we are making the most effective use of human resources. The enclosed financial statements reflect solid financial management.

The Commission has been in its present location since it was established and this year, as part of the lease renewal, some office refurbishing was completed and the Commission took the opportunity to revamp the main hearing room and upgrade the technology which is being used more frequently in hearings.

The Commission is a very active participant in several organizations which are a great benefit in meeting our legislated responsibilities. We are regular participants in the activities of the Canadian Association of Members of Public Utility Tribunals, which focuses on energy regulation in Canada. We also participate in the Council of Canadian Administrative Tribunals, the Canadian Auto Insurance Rate Regulators and the Atlantic Provinces Petroleum Regulators. These organizations offer an excellent opportunity for staff and commissioner development, the sharing of expertise, and access to ongoing educational and professional development opportunities.

I wish to thank the Commission staff for their dedication and commitment to service. We interact with the public on a variety of topics and often in situations where people are under stress. Staff makes every effort to carry out their responsibilities in a manner that is professional and respectful of others.

I thank my fellow commissioners for their work and support and especially the part-time commissioners for their efforts. Many other jurisdictions have opted to move away from part-time commissioners relying completely on full time members. I believe the combination of full and part time commissioners works very well in our province and enables the Commission to access valuable experience.



Maurice Rodgeron, Chair

COMMENTARIES DU PRESIDENT



Je suis heureux de présenter le rapport annuel de la Commission de réglementation et d'appels de l'Île-du-Prince-Édouard, qui couvre la période s'étendant du 1^{er} avril 2012 au 31 mars 2013, et de présenter quelques observations sur les activités de la Commission au cours de la dernière année.

La Commission a créé un ensemble de règlements régissant les pratiques et les procédures liés à la tenue d'audiences. Ce projet a permis de présenter dans une seule publication et sous un format unique les diverses pratiques et règlements adoptés par la Commission depuis sa création, il y a plus de 20 ans. La Commission espère que cette publication aidera tous ceux qui participent au processus d'audience, surtout les nombreuses personnes qui y participent afin de défendre leurs propres intérêts et qui sont souvent peu familières avec la façon dont procèdent les tribunaux administratifs et d'arbitrage. La Commission tient à créer un environnement qui donne aux gens la confiance dont ils ont besoin pour se présenter devant la Commission et recevoir une audience et une décision équitable.

Les prix de l'énergie ont été plus stables au cours de la dernière année, mais la tendance vers la hausse continue de rendre l'énergie de moins en moins abordable pour de nombreux consommateurs de la province. Le marché de l'énergie continue de se transformer à divers niveaux, des entreprises de distribution aux principaux fournisseurs – même l'avenir de la raffinerie de Dartmouth est en péril.

L'Accord énergétique de l'Île-du-Prince-Édouard élimine le besoin pour des audiences sur les tarifs tenues par la Commission, mais Summerside Electric a déposé une demande d'envergure pour laquelle il y a eu une audience de 11 jours. L'organisme désirait obtenir une autorisation pour construire sa propre ligne de transport d'énergie du poste de Summerside au poste de Maritime Electric à Bedeque et une interconnexion avec le poste de Bedeque.

En juin, la Commission a rendu sa décision à l'égard de l'appel déposé par Altantic Health Spa Ltd. concernant un aménagement sur le front de mer de Charlottetown. La décision de la Commission a été portée en appel devant la Cour suprême.

Le nombre de demandes de construction et de demandes en matière de taux relatives aux égouts et aux eaux municipales était comparable à celui de l'année précédente. Les coûts croissants associés au respect des règlements environnementaux, au remplacement de l'infrastructure vieillissante et à l'expansion des services exercent une pression sur de nombreux services publics, surtout ceux qui ont une clientèle relativement petite. La disponibilité de l'aide financière venant des gouvernements provincial et fédéral influe elle aussi grandement sur les demandes de construction. Une entente de financement à long terme permettrait de développer et d'améliorer plus uniformément les services publics.

Comme la réglementation en matière de taux d'assurance automobile existe depuis 7 ans, la Commission a enclenché un processus pour examiner les pratiques en matière de réglementation et s'assurer qu'elles permettent d'atteindre les objectifs. La Commission s'efforce de maintenir un équilibre entre le fardeau réglementaire et la protection des taux, et est contente du fait qu'on trouve constamment certains des plus bas taux au Canada dans la province.

La demande de services auprès du Bureau du directeur de la location des propriétés résidentielles continue de croître. En effet, 11 000 demandes ont été soumises, ce qui a accru la pression exercée sur le personnel. Le total équivaut à presque une demande par jour, ce qui reflète l'importance du marché locatif dans la province ainsi qu'une compréhension accrue de la loi et des responsabilités qu'elle impose aux locataires et aux locataires.

Au cours de la dernière année, le nombre de demandes soumises dans le cadre de la *Lands Protection Act* a augmenté. Le nombre de demandes de non-résidents est comparable à ce qu'il a été au cours des dernières années, mais est moins élevé qu'il était avant la récession. Le nombre de demandes provenant d'organismes a connu une hausse pour une quatrième année. Le nombre de déclarations déposées a atteint un sommet depuis l'introduction du programme, ce qui démontre un nombre croissant d'individus et de sociétés contrôlant une superficie assez grande pour devoir répondre aux exigences en matière de déclaration.

À la mi-novembre, le gouvernement provincial a annoncé la création d'une commission d'enquête pour la révision de la *Lands Protection Act*. La Commission, en tant qu'administratrice de cette loi, est favorable à cette révision et attend avec impatience toutes recommandations qui mettront à jour cette loi insulaire unique et importante tout en respectant son intégrité.

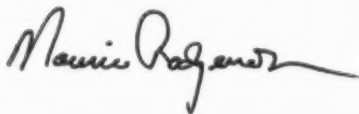
La Commission a également entamé un examen de sa structure interne afin d'assurer une utilisation optimale de ses ressources humaines. Les états financiers en annexe démontrent une bonne gestion financière.

La Commission occupe les mêmes bureaux depuis sa création. Cette année, dans le cadre du renouvellement de son bail, quelques rénovations ont été effectuées et la Commission a profité de l'occasion pour moderniser la salle d'audience principale et la technologie utilisée fréquemment pour les audiences.

La Commission participe activement à divers organismes, ce qui l'aide à assumer ses responsabilités législatives. Elle participe régulièrement aux activités de l'Association canadienne des membres des tribunaux d'utilité publique, qui est axée sur la réglementation en matière d'énergie au Canada. La Commission participe également au Conseil des tribunaux administratifs canadiens, à la Canadian Auto Insurance Rate Regulators Association et à l'Atlantic Provinces Petroleum Regulators. Ces organismes offrent d'excellentes occasions de développement pour le personnel et les commissaires et de partage de connaissances et un accès à des occasions de formations et de perfectionnement.

Je désire remercier le personnel de la Commission pour son travail dévoué. L'équipe de la Commission doit communiquer avec le public à propos de nombreux sujets et souvent avec des gens se trouvant dans une situation stressante. Le personnel fait tous les efforts possibles pour assumer ses responsabilités d'une manière professionnelle et respectueuse.

Je désire aussi remercier mes collègues commissionnaires pour leur travail et appui et en particulier les commissaires à temps partiel pour leurs efforts. Plusieurs administrations ont décidé de ne plus avoir de commissaires à temps partiel et de n'avoir recours qu'à des commissaires à temps plein. Je suis d'avis que la combinaison de commissaires à temps plein et à temps partiel fonctionne très bien à l'Île-du-Prince-Édouard et permet à la Commission d'accéder à une précieuse expérience.



Maurice Rodgeron, président

CORPORATE AND FINANCIAL

LEGISLATIVE RESPONSIBILITIES AND CORPORATE ORGANIZATION

Introduction

The principal Acts under the administration of the Commission are:

- *Lands Protection Act*
- *Rental of Residential Property Act*
- *Petroleum Products Act*
- *Electric Power Act*
- *Water and Sewerage Act*

In addition to administering these Acts, the Commission's responsibilities include: appellate responsibilities under the *Planning Act*; the *Unsuitable Property Act*; the *Revenue Administration Act* (appeals on taxation under the *Gasoline Tax Act*, the *Health Tax Act*, the *Revenue Tax Act*, and the *Environment Tax Act*); the *Real Property Assessment Act*; the *Real Property Tax Act*; the *Roads Act*; and the *Heritage Places Protection Act*. The Commission has responsibility under the *Municipalities Act* for conducting public hearings and making recommendations to the Minister on municipal boundary extension applications. The Commission regulates automobile insurance rates under the *Insurance Act*, and changes to Island Waste Management Corporation rates under the *Environmental Protection Act*. The Commission was given additional appellate responsibilities during 2009 with the granting of a limited right of appeal under Section 29.1 of the *Environmental Protection Act* in conjunction with Section 13 of the *Environmental Protection Act* – Watercourse and Wetland Protection Regulations.

The Island Regulatory and Appeals Commission, or "IRAC" as it is commonly known in Prince Edward Island, was established in 1991 following the amalgamation of the former Public Utilities Commission, Land Use Commission and the Office of the Director of Residential Rental Property (Rentalsman). The Commission operates at arms-length from the Provincial Government. It has three full-time and up to five part-time Commissioners and a staff complement of 19.

IRAC conducted 259 meetings/hearings and presided over 51 hearing days during fiscal 2012-13.

For more information, please visit our website at www.irac.pe.ca

Commission Personnel (as of March 31, 2013)

Full-time Commissioners:

Chair and Chief Executive Officer	Maurice Rodgerson
Vice-Chair	Allan Rankin
Commissioner	John Broderick

Part-time Commissioners:

Michael Campbell
Leonard Gallant
Ferne MacPhail
Peter McCloskey
Jean Tingley

Staff Positions:

Land, Corporate and Appellate Services

Director	Eileen Callaghan
Commission Administrator	Susan Jefferson
LPA Administrator	Danielle Gillan
Appeals Administrator	Philip Rafuse
LPA Analyst	Janice MacKinnon
LPA Analyst (term)	Cassie MacKenzie
Admin Support	Dawn Murphy
Receptionists	Glynne Squires
	Kay Driscoll

Office of the Director of Residential Rental Property

Director	Catherine Flanagan
Rental Officer	Shayne Hogan
Rental Officer	John Keizer
Intake Officer	Hillis Jones

Technical and Regulatory Services

Director	Allison MacEwen
Senior Analyst	Mark Lanigan
Research Analyst	Heather Walker
Systems Specialist	Daniel Arseneault
Analyst	Donna Chandler
Licensing & Pricing Coordinator	Faye Weeks

The Lieutenant Governor in Council appoints the members of the Commission and designates the chairman and a vice-chairman.

The *Island Regulatory and Appeals Commission Act* provides for the appointment of a full-time chairman who shall be the chief executive officer of the Commission, a full-time vice-chairman, who shall assume primary responsibilities for matters related to land, one other commissioner, and not more than five part-time commissioners.

2004 — 2013
Public Hearing Days—by Division
(Fiscal Year End)

	land & property	technical services	rental	petroleum	TOTAL
2013	13	13	25	0	51
2012	14	0	33	0	47
2011	30	5	20	4	59
2010	9	1	33	0	43
2009	16	1	15	0	32
2008	6	0	12	0	18
2007	9	0	10	0	19
2006	21	0	18	0	39
2005	18	4	13	0	35
2004	5	0	12	0	17

2004 - 2013
Commission Meetings & Hearings
(Fiscal Year End)

	hearings	meetings	TOTAL
2013	51	208	259
2012	47	199	246
2011	59	241	300
2010	43	233	276
2009	32	256	288
2008	18	215	233
2007	19	208	227
2006	39	245	284
2005	35	159	194
2004	17	198	215

2004 - 2013 **Commission Decisions-Orders-Approvals-Mediations** **(Fiscal Year End)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
LANDS PROTECTION										
Non-Resident Applications	99	106	106	120	113	107	48	72	83	82
Corporate Applications	225	185	203	246	240	211	171	191	241	302
Annual Disclosure Statements	134	136	142	142	150	139	135	146	158	166
Global Lease Applications	9	16	8	4	12	11	11	11	17	18
Amendment Applications	47	54	51	67	42	49	44	36	40	43
Enforcement Decisions/Orders	15	4	9	4	5	19	18	15	13	15
TOTAL LANDS PROTECTION	529	501	519	583	562	536	427	471	552	626
MUNICIPAL BOUNDARY EXTENSIONS										
	0	1	2	0	4	2	0	2	1	0
REGULATORY FUNCTIONS										
* Petroleum Licensing & Pricing										
Petroleum Pricing Applications	109	111	108	**50	16	28	38	32	29	33
Other Petroleum Pricing Matters	1	5	5	22	28	34	30	30	27	27
Initial Petroleum Applications	1	9	11	13	8	4	7	5	1	3
Other Petroleum	21	31	59	56	40	31	40	28	33	30
Subtotal	132	156	183	141	92	97	115	95	90	93
* Public Utilities										
Water-Sewer Utility Rate Applications	4	4	2	6	2	6	3	3	1	9
Electric Utility Rate-Related Applications*	0	2	3	1	2	5	4	3	0	0
Water-Sewer Utility Formal Complaints	0	0	0	0	0	0	1	0	0	0
Electric Formal Complaints	0	0	0	0	1	1	0	0	0	0
Other Water-Sewer	1	0	0	1	0	0	0	0	1	0
Other Electric	1	4	1	8	6	12	2	2	5	0
Water-Sewer Construction Permits	15	6	13	23	12	7	11	15	6	8
Other	0	0	0	0	0	0	0	0	0	0
Subtotal	21	16	19	39	23	31	21	23	13	17
* Automobile Insurance	22	17	36	32	56	73	57	59	57	59
* Island Waste Management	n/a	n/a	1	0	0	0	1	0	1	0
TOTAL REGULATORY FUNCTIONS	175	189	239	212	171	201	194	177	161	169
APPELLATE FUNCTIONS										
Environmental Protection Act Appeals	0	0	0	0	0	0	0	1	1	1
Planning Act Appeals	8	14	14	12	11	14	11	13	5	11
Roads Act Appeals	0	0	0	0	0	0	0	0	0	0
Real Property Assessment Act Appeals	0	0	2	1	0	1	0	2	1	0
Rental Appeals/Allowable Rent Increase	20	21	20	18	17	19	36	23	36	34
Sales Tax Appeals	1	0	0	0	0	0	0	0	0	0
Appeals Mediated	0	4	2	2	0	0	0	0	1	0
TOTAL APPELLATE FUNCTIONS	29	39	38	33	28	34	47	38	44	46
TOTAL OVERALL	733	730	798	828	765	773	668	688	758	841

* Effective January 1, 2004, electric regulation was re-established.

** Process of requiring applications for routine price changes discontinued (except for propane).

In 2004, upon the completion of an environmental scan, the Commission adopted a Strategic Plan to guide operations into the future. Divisions established a number of specific goals and objectives based upon the Strategic Plan and those goals and objectives were presented in detail in the Commission's 2003-2004 annual report.

Since 2004, each annual report provides an update on the progress of goals and objectives set the preceding year and notes initiatives planned for the coming year.

STRATEGIC PLAN

MANDATE

The Commission is an independent quasi-judicial tribunal with appellate, regulatory and administrative responsibilities derived from the *Island Regulatory and Appeals Commission Act* and the provisions of a number of Province of Prince Edward Island Statutes.

VISION

To be respected for independence, professionalism, competence and leadership in the matters the Commission regulates, adjudicates and administers.

MISSION

To ensure the public of Prince Edward Island is provided with unbiased, well-reasoned, clear and timely decisions in all matters brought before the Commission for its consideration.

CORE VALUES

The following values govern the Commission's daily operations and interactions:

- ❖ Respect of the public trust vested in the Commission.
- ❖ Respect of the individuals, businesses and organizations with whom we interact.
- ❖ Professionalism in consultations and public hearings.
- ❖ Fairness, balance, clarity and timeliness in decisions.
- ❖ A safe, healthy, co-operative and respectful environment for our staff and the clients we serve.
- ❖ Competent, well-trained, and motivated employees.
- ❖ Open, accountable and responsible fiscal management.
- ❖ Openness to new ideas and changes that meet the requirements of governing legislation and improve the Commission's effectiveness and efficiency.

GOALS

- ❖ To maintain the Commission's actual and perceived independence while remaining open and accountable to the public.
- ❖ To liaise with regulated industries in maintaining an efficient, fair, reasonable and cost effective regulatory system for auto insurance, petroleum products, water-wastewater, waste management and electrical rates.
- ❖ To regularly monitor and analyze public issues which arise in the normal course of the Commission fulfilling its mandate and to discuss such issues, where appropriate, with the Minister through whom the Commission reports to the legislature.
- ❖ To produce legally correct, timely, well-reasoned and unbiased decisions for all matters under the Commission's consideration.
- ❖ To maintain up-to-date IT systems and hardware to enable staff to competently serve the public.
- ❖ To provide a non-threatening and user-friendly atmosphere for hearings and to continue to encourage appellants to appear, with or without legal representation.
- ❖ To conduct hearings in such a manner as to ensure those without legal representation are afforded the full opportunity to be heard within the principles of fairness and natural justice.
- ❖ To continue to improve and expand the Commission's involvement and communication with relevant organizations and boards, government, regulated industries, public utilities and the general public.
- ❖ To ensure the public is properly informed about the Commission, its legislated mandate and its various functions.
- ❖ To ensure a continuous, well-trained, competent staff in all Commission mandated functions through staff development, training and cross-training where possible.
- ❖ To provide a safe, healthy work environment for staff.

CORPORATE

Accomplishments 2012-2013

- ❖ The Commission's rules and practices to assist those appearing before the Commission are completed and are available on the Commission's website.
- ❖ A more stable funding arrangement for the Commission was not secured; however, the Commission will continue negotiating to this end in 2013-14 for a new assessment agreement to cover the fiscals April 1, 2013 through March 31, 2016.
- ❖ Reviewed the Commission's website to enhance ease of access and effective presentation of relevant information.

Objectives 2013-2014

- ❖ Provide a presentation concerning the Commission's legislative responsibilities under the *Lands Protection Act* to Commissioner, appointed by Provincial Government, reviewing the *Lands Protection Act*.
- ❖ The Commission will continue to strive to provide opportunities for staff to participate in training and development. Staff will also be provided with in-house training sessions that are relevant to their responsibilities and duties.
- ❖ The Commission will investigate and determine the most suitable accounting software for Commission corporate use.
- ❖ The Commission will review and prioritize required updates to the Commission's database management systems.

OFFICE OF THE DIRECTOR OF RESIDENTIAL RENTAL PROPERTY

1. Inquiries

Accomplishments 2012-2013

- ❖ The Office of the Director of Residential Rental Property experienced an increase of 5.8% in the number of inquiries over the number of inquiries received in 2011-2012. The increase did not relate to any specific area, but was observable in all categories.
- ❖ The Information Officer, the Director and Rental Officers presented information sessions to various interested groups and organizations across the province.
- ❖ The process of re-aligning the staff positions to better respond to inquiries from the public was initiated.

Objectives 2013-2014

- ❖ To complete the re-alignment of staff in order to better respond to inquiries from the public.
- ❖ To find innovative methods for providing information to the public, including more outreach and better utilization of technology.

2. Hearings

Accomplishments 2012-2013

- ❖ The total number of applications filed in 2012-2013 increased significantly from 422 to 530.
- ❖ 94 applications, representing approximately 18% of all applications, were resolved before a hearing could be held, an increase of 3% over the previous reporting period.
- ❖ There was a 15% increase in the number of hearings held; however, because of the volume of applications received, the average time elapsed between application and hearing increased significantly compared with 2011-2012.

Objectives 2013-2014

- ❖ To shorten the time between application and hearing in all non-urgent applications.
- ❖ To seek innovative ways to maintain or improve the current turnaround times for urgent applications.
- ❖ To strive to find ways to ensure that parties are fully aware of the evidentiary issues involved at the hearing and to ensure that they are adequately prepared to the extent that the Office is capable of assisting them.

3. Decisions

Accomplishments 2012-2013

- ❖ The number of orders issued by the Office increased slightly from the number issued in 2011-2012, from 350 to 359.
- ❖ The average wait time from hearing date to order issued increased by only 4 days during the reporting period despite the significant increase in the number of applications made and hearings scheduled.

Objectives 2013-2014

- ❖ To strive to reduce the number of days elapsed between the hearing of an application and the issuance of the order.
- ❖ To explore ways in which technology can be used to achieve greater efficiency in rendering decisions.
- ❖ To constantly improve the clarity of our written decisions so that the parties involved better understand the principles applied as well as the specific outcome.

TECHNICAL AND REGULATORY SERVICES DIVISION

1. Auto Insurance Rate Regulation

Auto insurance rate regulation was implemented in 2004-2005 and continues to consume significant staff resources.

Accomplishments 2012-2013

- ❖ Successfully hosted the national convention of the Canadian Auto Insurance Rate Regulators in the fall of 2012.
- ❖ Reviewed and approved annual auto insurance rate filings for all insurers.
- ❖ Refined database management tools that assisted in analyzing and processing applications.
- ❖ Actively participated in the development of the Canadian Auto Insurance Rate Regulators Association (CARR).
- ❖ Continued involvement in discussions relative to the development of a national harmonized rating profile system.

Objectives 2013-2014

- ❖ To review and approve annual auto insurance rate filings for all insurers.
- ❖ To continue the development of a regulatory process that is cost effective and timely.
- ❖ To continue to refine database management tools to assist in analyzing and processing applications.
- ❖ To review the filing guidelines and rating profiles.
- ❖ To implement updated and revised filing guidelines.
- ❖ To continue active participation in the Canadian Auto Insurance Rate Regulators Association.

2. Electrical Utility Regulation

The implementation of electric utility regulation took effect on January 1, 2004 with the proclamation of the *Electric Power Act*.

Accomplishments 2012-2013

- ❖ Reviewed Maritime Electric's 2013 annual capital budget and 2011 capital budget variance report.
- ❖ Approved renewable energy purchase agreement between Maritime Electric and PEI Energy Corporation for wind energy from Hermanville wind farm project.
- ❖ Approved amendments to the 2013 annual capital budget required as part of the transmission line connection to Hermanville wind farm.
- ❖ Conducted public hearing and issued Commission Order denying City of Summerside's request to construct a transmission line from Borden to Summerside.
- ❖ Verified Maritime Electric's compliance with Section 3 of the *Renewable Energy Act* which requires procurement of 15% of electricity from renewable generation sources.
- ❖ Verified Maritime Electric's 2013 Return on Rate Base calculations and compliance with legislation.

Objectives 2013-2014

- ❖ To continue the development of a regulatory process that is cost effective and timely.
- ❖ To review Maritime Electric's ongoing capital programs as well as its rules and regulations, and to finalize an open access transmission tariff in Prince Edward Island.
- ❖ To monitor Maritime Electric's compliance with *Electric Power (Energy Accord Continuation) Amendment Act*.

3. Petroleum Regulation

Accomplishments 2012-2013

- ❖ Continued to refine the Commission's Commodity Based Pricing Model.

Objectives 2013-2014

- ❖ To continue to maintain the high level of data analyses and research in the pricing area.
- ❖ To continue to maintain a positive working relationship with the industry and the consuming public.

4. Municipal Water and Wastewater Utility Regulation

The Commission regulates approximately 26 municipal and private water-wastewater utilities.

Accomplishments 2012-2013

- ❖ Reviewed the rates of municipal utilities and authorized rate changes.
- ❖ Reviewed and authorized several utility construction projects.

Objectives 2013-2014

- ❖ To continue to ensure that uniform accounting procedures are being followed.
- ❖ To continue to provide assistance and information to utilities, and to review and authorize rate changes and construction permits, as necessary.
- ❖ To continue to conduct regional information and training sessions with water and sewer utility administrative officials.
- ❖ To continue to review current practices related to utility regulation and develop ways to enhance procedures.

LAND, CORPORATE AND APPELLATE SERVICES DIVISION

1. Appellate Functions

Accomplishments 2012-13

- ❖ Commission staff continues to provide interested individuals with information on the appeal process and appeal procedure.
- ❖ Staff continued to review the Frequently Asked Questions sections of the appeals area on the Commission's website and made appropriate changes and additions on a regular basis.
- ❖ Staff completed the *Rules of Practice & Procedure for Hearings* and made this information available to any interested parties through the Commission's website.

Objectives 2013-14

Commission staff will:

- ❖ Work with Commission technical staff to create a specialized database for Appeals.
- ❖ Initiate a "headnote" library on our Commission's website summarizing the legal principles considered in key appeal decisions.
- ❖ Compile a directory of decisions of the PEI Court of Appeal relating to Commission appeals.
- ❖ Continue to review and, where necessary, update the *Rules of Practice & Procedure for Hearings* and the Frequently Asked Questions on the Commission's website.
- ❖ Continue to be available to provide procedural guidance to all interested stakeholders in the appeal process.

2. Lands Protection

Accomplishments 2012-2013

- ❖ Staff continued to complete transaction checks on amendment applications to determine if the proposed amendment has occurred.
- ❖ Commission staff met with Commissioner Horace Carver and staff on a Review of the *Lands Protection Act* and compiled information for the Commissioner's use throughout the process.
- ❖ Commission staff reviews the Frequently Asked Questions on a regular basis and this past year added information about the steps to take if an approved transaction under the *Lands Protection Act* will not occur.
- ❖ The reconciliation of the non-resident ownership changes between the Province's records and Commission's records is ongoing.

Objectives 2013-2014

Commission staff shall:

- ❖ Continue the project of reconciliation of the non-resident owned acres in the Province.
- ❖ Request and coordinate a meeting of the Commission to review the Guiding Principles for Implementation of *Lands Protection Act*, the *Administrative Guidelines for Advertising Land* and the *Lands Protection Act Contravention Penalty* process.
- ❖ Adopt any changes proposed by Executive Council following the Commission on the *Lands Protection Act*.
- ❖ To increase the general public's awareness of various requirements under the Act, i.e. requirements to acquire approval prior to leasing or renting land, by publishing public notices on a more regular basis.

FINANCIAL DATA

Section 17 of the *Island Regulatory and Appeals Commission Act* states:

"The Executive Committee shall appoint an auditor to audit the accounts and financial transactions of the Commission."

Financial Statements of

**PRINCE EDWARD ISLAND
REGULATORY AND
APPEALS COMMISSION**

Year ended March 31, 2013



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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Prince Edward Island Regulatory and Appeals Commission

We have audited the accompanying financial statements of Prince Edward Island Regulatory and Appeals Commission which comprise the statement of financial position as at March 31, 2013, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2013 and the results of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Charlottetown, Prince Edward Island
June 27, 2013

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

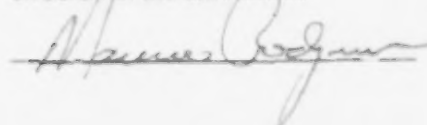
Statement of Financial Position

March 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash (note 2)	\$ 59,845	\$ 109,140
Accounts receivable (note 3)	214,083	217,392
Investments (note 4)	1,641,442	1,376,515
	1,915,370	1,703,047
Liabilities		
Accounts payable and accrued liabilities (note 5)	1,428,336	212,502
Deferred revenue (note 6)	-	823,532
Employee future benefits (note 7)	277,441	252,369
Leasehold improvements and inducements	144,000	-
	1,849,777	1,288,403
Net financial assets	65,593	414,644
Non-financial Assets		
Prepaid expenses	2,083	385
Tangible capital assets (page 13)	238,198	82,894
Commitment (note 8)		
Accumulated surplus (note 10)	\$ 305,874	\$ 497,923

The accompanying notes are an integral part of these financial statements.

On Behalf of the Commission:

 Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Operations

Year ended March 31, 2013, with comparative figures for 2012

		2013 Budget (note 13)	2013	2012
Revenue:				
Assessment - Province of PEI	\$	1,358,100	\$ 1,358,300	\$ 1,400,300
Assessments on public utilities		463,000	464,626	462,256
Licenses - petroleum products		287,000	289,049	286,490
Permits - land and property division		206,000	324,481	335,439
Assessments on auto insurance		185,300	185,486	185,286
Investment and other income		25,000	33,489	35,483
Lands Protection Act penalties		10,000	2,100	15,000
		2,534,400	2,657,531	2,720,254
Expenses:				
Advertising		20,500	11,370	11,430
Amortization		137,642	115,043	72,152
CARR Conference		15,000	15,230	-
Cleaning		10,000	8,096	8,096
Computer maintenance and supplies		45,000	40,288	41,149
Education and development		34,000	2,673	17,415
Insurance		12,000	11,665	11,028
Office and supplies		39,200	28,903	24,920
Part-time commissioners		54,500	42,661	40,956
Postage		5,900	4,230	3,578
Professional fees		169,000	167,867	75,085
Publications		23,500	18,570	17,610
Rent		190,000	166,090	182,090
Salaries and employee benefits		1,923,604	1,790,702	1,697,671
Telephone		19,500	16,156	15,810
Travel		80,500	56,367	66,317
		2,779,846	2,495,911	2,285,307
Excess of revenue over expenses (expenses over revenue) before the undemoted		(245,446)	161,620	434,947
Transfer to deferred revenue (note 6)		-	(161,620)	(434,947)
Annual surplus (deficit)		(245,446)	-	-
Accumulated surplus, beginning of year, as restated (note 11)		497,923	497,923	497,923
Transfer from reserve (note 10)		-	(192,049)	-
Accumulated surplus, end of year	\$	252,477	\$ 305,874	\$ 497,923

The accompanying notes are an integral part of these financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Change in Net Financial Assets

Year ended March 31, 2013, with comparative figures for 2012

	2013 Budget (note 13)	2013	2012
Annual surplus (deficit)	\$ (245,446)	\$ -	\$ -
Acquisition of tangible capital assets	(400,000)	(270,347)	(86,261)
Amortization of tangible capital assets	137,642	115,043	72,152
Acquisition of prepaid expenses	-	(1,698)	-
Use of prepaid expenses	-	-	(106)
Transfer from reserve (note 10)	-	(192,049)	-
Decrease in net financial assets	(507,804)	(349,051)	(14,215)
Net financial assets, beginning of year	414,644	414,644	428,859
Net financial assets, end of year	\$ (93,160)	\$ 65,593	\$ 414,644

The accompanying notes are an integral part of these financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Cash Flows

Year ended March 31, 2013, with comparative figures for 2012

	2013	2012
Cash flows from operating activities:		
Cash receipts from government transfers and customers	\$ 2,796,228	\$ 2,548,658
Cash paid to suppliers and employees	(2,334,861)	(2,197,767)
Interest received	24,612	26,362
	485,979	377,253
Cash flows from capital activities:		
Purchase of tangible capital assets	(270,347)	(86,261)
Cash flows from investing activities:		
Increase in investments	(264,927)	(296,458)
Decrease in cash position	(49,295)	(5,466)
Cash, beginning of year	109,140	114,606
Cash, end of year	\$ 59,845	\$ 109,140

The accompanying notes are an integral part of these financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, Office of the Director of Residential Rental Property, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act. The Commission is a non-taxable entity under the provisions of the Income Tax Act.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of Prince Edward Island Regulatory and Appeals Commission are the representations of management prepared in accordance with Canadian public sector accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible capital assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Furnishings and equipment	5 years
Computer equipment	3 years
Leasehold improvements	5 years

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(c) Vacation pay and retirement allowance:

Vacation pay

Vacation pay is recorded as a liability when earned.

Retirement allowance

The Commission records an annual expense based on the change in the actuarially determined obligation for retirement allowance benefits, net of payments during the year.

(d) Government transfers:

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

(e) Pension costs:

Employees of the Commission belong to the Civil Service Superannuation plan which is a multi-employer contributory defined benefit pension plan and is accounted for as a defined contribution plan. Employees' contributions and matching employers contributions are transferred to the Civil Service Superannuation Fund. These contributions are expensed as incurred. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(f) Investments:

Investments consist of Guaranteed Investment Certificates and are recorded at cost plus accrued interest.

(g) Leasehold improvements and inducements:

Costs incurred or paid by landlords to renovate the Commission's premises are recorded as leasehold improvements and amortized over the life of the lease. The amortized amount of \$ 16,000. (2012 - \$ NIL.) was recorded as a reduction of rent expense.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(h) Revenue recognition:

All revenues other than investment income are recorded in the period in which the transactions or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Commission discharges the obligations that led to the collection of funds. Investment income is recorded in the period in which the interest is earned.

(i) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash:

	2013		2012	
Cash	\$	49,222	\$	103,356
Cash held in trust for deposit guarantees		10,623		5,784
	\$	59,845	\$	109,140

3. Accounts receivable:

	2013		2012	
Trade	\$	212,194	\$	209,177
Employees		1,889		8,215
	\$	214,083	\$	217,392

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

4. Investments:

Investments consist of Guaranteed Investment Certificates invested at the Bank of Nova Scotia and Canadian Imperial Bank of Canada with interest rates ranging from 1.25% to 2.15% and maturity dates ranging from April 2013 to April 2014.

5. Accounts payable and accrued liabilities:

	2013	2012
Trade	\$ 163,146	\$ 103,378
Vacation pay	77,365	103,340
Deposit guarantees - Director of Residential Rental Property	10,623	5,784
Province of Prince Edward Island	1,177,202	-
	<u>\$ 1,428,336</u>	<u>\$ 212,502</u>

6. Deferred revenue:

Pursuant to a three-year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2011, 2012, and 2013.

	2013	2012
Deferred revenue, beginning of year	\$ 823,532	\$ 388,585
Transfer of surplus	161,620	434,947
Transfer to payable to Province of Prince Edward Island	(985,152)	-
Deferred revenue, end of year	<u>\$ -</u>	<u>\$ 823,532</u>

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

7. Employee future benefits:

Certain employees are eligible for retiring pay as defined by the Collective Bargaining Agreement with the Government of Prince Edward Island. This plan provides retiring pay to employees who meet the eligibility requirements outlined in the Agreement. The retiring pay entitlement is equal to either one week or two weeks of pay for each year of service and the maximum will vary depending on the particular employee group. These benefits are unfunded. An analysis of the components of, and changes in, employee future benefits is as follows:

Retirement allowance	2013	2012
Balance, beginning of year	\$ 252,369	\$ 228,600
Current service cost	25,072	23,769
Balance, end of year	\$ 277,441	\$ 252,369

The retirement allowance balances are based on an independent actuarial valuation dated April 1, 2011. The Commission projects the total liability in the years between the tri-annual actuarial valuations.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to the expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections are:

	2013	2012
Discount rate	4.47% per annum	4.47% per annum
Expected inflation rate	2.5% per annum	2.5% per annum
Expected average remaining service life	9 years	10 years

Employees that become ineligible for retiring benefits may become entitled to severance benefits calculated under similar methods.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

8. Commitment:

The Commission has an operating lease for its premises at \$ 14,981. per month plus common area charges, under a lease expiring March 31, 2022.

The minimum annual lease payment to the expiry date is \$ 179,772.

9. Pension costs and obligations:

Certain employees of the Commission participate in the multi-employer contributory defined benefit pension plan as defined by the Civil Service Superannuation Act. This plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service. The Plan is administered by the Province of Prince Edward Island and the responsibility for any unfunded liability is that of the Province.

During the year, the Commission contributed \$ 116,742. (2012 - \$ 117,001.) to the defined benefit pension plan on behalf of certain employees. These amounts are included in salaries and employee benefits in the Statement of Operations.

10. Accumulated surplus:

The Commission segregates its accumulated surplus in the following categories:

	2013	2012
Reserve	\$ -	\$ 192,049
Operating fund	67,676	222,980
Capital fund	238,198	82,894
	<u>\$ 305,874</u>	<u>\$ 497,923</u>

Capital fund:

The capital fund represents amounts already spent and invested in tangible capital assets.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

10. Accumulated surplus (continued):

Reserve:

At the end of the 2007 Provincial Assessment Agreement with the Government of Prince Edward Island, there was \$ 192,049. of accumulated surplus that is to be held as a reserve by the Commission. This reserve will be used to cover net costs exceeding the annual assessments from April 1, 2010 to March 31, 2013. The amount remaining from this reserve at March 31, 2013 shall be returned to the Province unless the Province and the Commission subsequently agree that it is to be retained as a reserve or used to defray costs associated with future agreements. As of March 31, 2013, no such agreement has been made and the \$ 192,049. reserve has been reclassified as a payable to the Province of Prince Edward Island.

11. Prior period adjustment:

A prior period adjustment has been made to reflect the overstatement of the employee future benefits liability, the understatement of deferred revenue and the overstatement of salaries and employee benefits expense in 2011 and 2012 as a result of obtaining an actuarial valuation for the employee future benefits liability as of these dates. The financial statement amounts that are presented for comparative purposes have been restated to reflect these adjustments as follows:

Decrease in employee future benefits at March 31, 2011	\$ (155,650)
Increase in deferred revenue at March 31, 2011	155,650
Decrease in employee future benefits at March 31, 2012	(42,245)
Increase in deferred revenue at March 31, 2012	42,245
Net change in 2013 accumulated surplus, beginning of year	\$ -

12. Financial Instrument Risk:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk arising from its accounts receivable. In particular, a concentration of credit risk exists as 83% of the accounts receivable is from one party.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2013

13. Budget:

A reconciliation of the 2013 fiscal operating budget prepared by the Commission to the budget figures disclosed in the financial statements is as follows:

	2013
Commission budgeted annual surplus	\$ 172,242
Less:	
Reserves recognized as revenue	(192,049)
Deferred revenue recognized as revenue	(625,639)
Add:	
Capital expenditures	400,000
	\$ (245,446)

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Schedule of Tangible Capital Assets

Year ended March 31, 2013, with comparative figures for 2012

	Cost Beginning of Year	Additions	Disposals and Write- downs	Cost End of Year	Accumulated Amortization Beginning of Year	Disposals and Write- downs Amortization	Accumulated Amortization End of Year	Net Book Value 2013	Net Book Value 2012
Furnishings and equipment	\$ 18,124	\$ 15,103	\$ (1,731)	\$ 31,496	\$ 6,226	\$ (1,731)	\$ 10,794	\$ 20,702	\$ 11,898
Computer equipment	205,580	79,997	(64,489)	221,088	134,584	(64,489)	143,790	77,298	70,996
Leasehold improvements	-	175,247	-	175,247	-	-	35,049	140,198	-
	\$ 223,704	\$ 270,347	\$ (66,220)	\$ 427,831	\$ 140,810	\$ (66,220)	\$ 189,633	\$ 238,198	\$ 82,894

ASSESSMENTS

Revenue is generated through the following fees for each Division:

1. LAND

Applications under the *Lands Protection Act* for purchase of property by non-residents:

- ❖ Minimum of \$550.00 or 1% of the agreed purchase price, whichever is greater.

2. RESIDENTIAL RENTAL PROPERTY

Applications filed pursuant to the *Rental of Residential Property Act*:

- | | |
|-------------------------------------------------------------------|---------|
| ❖ Rent owing filed by a Lessor (pursuant to Section 8 of the Act) | \$30.00 |
| ❖ Rent increase (pursuant to Section 23(3) of the Act) | |
| Two units or less | \$25.00 |
| Three or more units | \$75.00 |
| ❖ All other applications by a Lessor or Lessee | \$10.00 |

3. TECHNICAL AND REGULATORY SERVICES

Petroleum

Revenues earned in the Petroleum section for this fiscal year were derived from the fees for licenses issued under the *Petroleum Products Act*, together with other related charges as set out in the schedule that follows on page 33:

- (i) Wholesale Distribution License—Initial \$1,500.00
 (ii) Wholesale Distribution License—Renewal
 Based on Total Annual Sales Volume for the Year
 Preceding the Current License Year (in Litres)

ASSESSMENT SCALE		ASSESSMENT
Annual Volume Range (in Litres)		RATE
0	- 2,500,000	\$3,025.00
2,500,001	- 5,000,000	\$6,050.00
5,000,001	- 15,000,000	\$9,075.00
15,000,001	- 30,000,000	\$12,100.00
(Over 30,000,000 - \$12,100.00, plus \$3,025.00 for each additional 15,000,000 or portion thereof)		

- (iii) Wholesale Distribution License—Supply of 20 lb. Cylinders to Propane Exchange Centres—
 Initial and Renewal \$500.00
 (iv) Outlet License—Retail Distributor—Initial \$1,500.00
 (v) Outlet License—Retail Distributor—Renewal
 Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE		ASSESSMENT
Annual Volume Range (in Litres)		RATE
Minimum		\$300.00
1,000,001	- 2,000,000	\$400.00
2,000,001	- 3,000,000	\$500.00
3,000,001	- 4,000,000	\$600.00
4,000,001	- 5,000,000	\$700.00
5,000,001	- 6,000,000	\$800.00
6,000,001	- 7,000,000	\$900.00
7,000,001	- 8,000,000	\$1,000.00
8,000,001	- 9,000,000	\$1,100.00
9,000,001	- 10,000,000	\$1,200.00
10,000,001	- 20,000,000	\$1,500.00
20,000,001	- 50,000,000	\$1,750.00
Over 50,000,000		\$4,000.00

- (vi) Outlet License—Tank Truck—Initial and Renewal (Including Consumer Propane Cylinder Delivery Trucks) \$125.00
 (vii) Outlet License—Consumer Outlet—Initial \$200.00
 (viii) Outlet License—Consumer Outlet—Renewal
 Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE		ASSESSMENT
Annual Volume Range (in Litres)		RATE
0	- 500,000	\$100.00
500,001	- 1,000,000	\$200.00
1,000,001	- 2,000,000	\$400.00
2,000,001	- 3,000,000	\$600.00
3,000,001	- 4,000,000	\$800.00
4,000,001	- 5,000,000	\$1,000.00
5,000,001	- 6,000,000	\$1,200.00
6,000,001	- 7,000,000	\$1,400.00
7,000,001	- 8,000,000	\$1,600.00
For each additional million		\$200.00

- (ix) Outlet License—Cardlock/Keylock Facilities—Initial \$200.00
 (x) Outlet License—Cardlock/Keylock Facilities—Renewal
 Based on Total Sales Volume for Previous Year (in Litres)

ASSESSMENT SCALE		ASSESSMENT
Annual Volume Range (in Litres)		RATE
0	- 1,000,000	\$200.00
1,000,001	- 2,000,000	\$400.00
2,000,001	- 3,000,000	\$600.00
3,000,001	- 4,000,000	\$800.00
4,000,001	- 5,000,000	\$1,000.00
For each additional million		\$200.00

- (xi) Outlet License—Propane Exchange Centres Only—Initial and Renewal \$50.00
 (xii) Outlet License—Propane Refill Centres—Campgrounds Only—Initial and Renewal \$50.00
 (xiii) Aviation Fuel Depot \$500.00
 (xiv) Licenses Issued After October 1 Each Year 50% of Applicable License Fee (Minimum \$35.00)
 (xv) Fee for the Re-Issue or Amendment of any License During the Term of its Validity \$35.00
 (xvi) Administrative Fee for the Cancellation of any Unused License \$35.00

4. PUBLIC UTILITIES

Water and Sewer

Utility assessments are levied by the Commission, pursuant to Section 15 of the *Island Regulatory and Appeals Commission Act*. Assessment rates for this period were determined by the utility's 2012 revenues in accordance with the following scale.

REVENUE RANGE (\$)	ASSESSMENT RATE 2011-12	% CHANGE	ASSESSMENT RATE 2012-13
0 - 5,000	\$275.63	0.00%	\$275.63
5,001 - 10,000	\$441.00	0.00%	\$441.00
10,001 - 50,000	\$716.63	0.00%	\$716.63
50,001 - 100,000	\$1,102.50	0.00%	\$1,102.50
100,001 - 250,000	1.23480%	0.00%	1.23480%
250,001 - 500,000	1.21275%	0.00%	1.21275%
500,001 - 750,000	1.19070%	0.00%	1.19070%
750,001 - 1,000,000	1.16865%	0.00%	1.16865%
1,000,001 - 1,250,000	1.14660%	0.00%	1.14660%
1,250,001 - 1,500,000	1.12455%	0.00%	1.12455%
1,500,001 - 1,750,000	1.10250%	0.00%	1.10250%
1,750,001 - 2,000,000	1.08045%	0.00%	1.05840%
2,000,001 - 2,500,000	1.05840%	0.00%	1.05840%

Electric

The annual power assessment for Maritime Electric Company, Limited is levied by the Commission, pursuant to Section 15 of the *Island Regulatory and Appeals Commission Act*.

The assessment for the City of Summerside Electric Utility is determined by the Lieutenant Governor in Council, pursuant to Section 46(2)(a) of the *Electric Power Act*.

Automobile Insurance

The Commission levies annual assessments to all automobile insurers operating in the Province, pursuant to section 258.2 (3) of the *Insurance Act* and section 15 of the *Island Regulatory and Appeals Commission Act*.

Assessment amounts are based on insurers' reported proportionate premium income levels.

LANDS PROTECTION ACT - APPLICATIONS

I. APPLICATIONS

Non-Resident Applications

During the reporting period, the Commission considered eighty-two (82) applications from non-residents totaling 3343.00 acres. Thirty (30) applications with shore frontage totaling approximately 49,450.30 feet were included in the non-resident applications.

Of those applications, the Commission recommended that the Lieutenant Governor in Council deny four (4) non-resident applications.

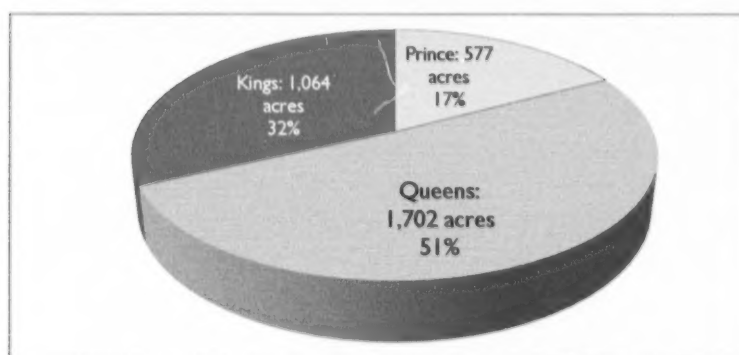
Those applications involved 166.89 acres of land.

The Commission recommended that three (3) applications be denied because the parcels were not "suitably advertised" on the local real estate market. The Commission believes that residents of the province should have the opportunity to compete for land prior to non-residents being given permission to acquire it.

The Commission recommended that one (1) application be denied because the parcel was not "suitably advertised" and the applicant already owned considerable land in the province.

The Lieutenant Governor in Council agreed with the Commission's recommendations for all four applications and denied them.

Non-Resident Applications



The Commission is responsible for the general administration of the *Lands Protection Act*, including making recommendations to Government on applications for land purchases governed by the Act, monitoring the land holdings of large land owners and enforcing the Act.

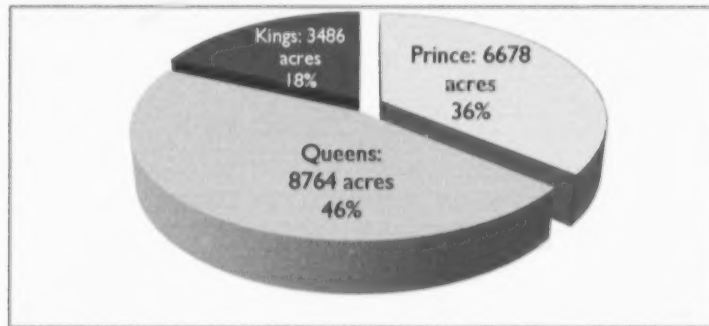
To learn more about the *Lands Protection Act*, visit our website at www.irac.pe.ca/land.

Corporate Applications – Resident

During this same period, the Commission considered two hundred and fifty-eight (258) applications involving 18,926.66 acres of land from resident corporations. Fifty-one (51) applications with shore frontage totaling approximately 80,949 feet were included in the resident corporate applications.

The Commission did not recommend that the Lieutenant Governor in Council deny any of the resident corporate applications.

Corporate Applications – Resident



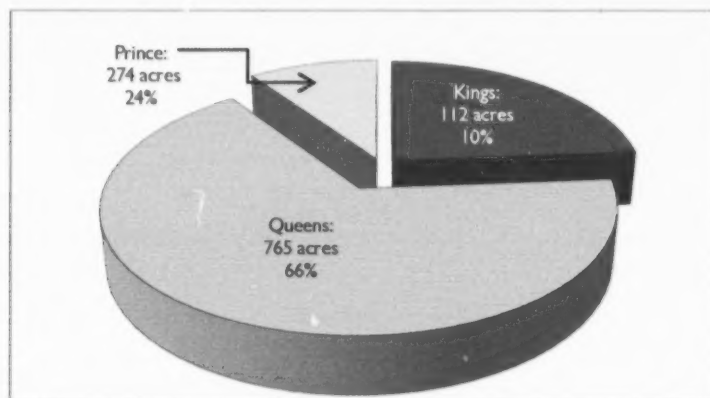
Corporate Applications – Non-Resident

Forty-four (44) applications involving 1,150.84 acres of land were considered from non-resident corporations. Four (4) applications with shore frontage totaling approximately 2160 feet were included in the corporate non-resident applications.

The Commission recommended that one application involving 12 acres be denied. The parcel was not "suitably advertised" on the local real estate market and the Commission believes that residents of the province should have the opportunity to compete for land prior to a non-resident corporation being given permission to acquire it.

The Lieutenant Governor in Council agreed with the Commission's recommendation and denied the application.

Corporate Applications – Non-Resident



Applications by County – Lands Protection Act

	PRINCE COUNTY		QUEENS COUNTY		KINGS COUNTY		TOTAL PROVINCE	
Type of Application	#	Acreage	#	Acreage	#	Acreage	#	Acreage
Non-Resident	17	577.12	36	1,763.52	29	1,064.36	82	3,405
Corporate—Resident	98	6,677.64	118	8,763.34	42	3,485.65	258	18,926.66
Corporate—Non-Resident	9	273.82	27	764.79	8	112.23	44	1,150.84
TOTAL	124	7,528.58	181	11,291.65	61	4,662.24	384	23,420.99

2. GLOBAL LEASING APPLICATIONS — NON-RESIDENT AND CORPORATE

During 2012-13 eighteen (18) applications involving 11,132.17 acres of land were considered and approved.

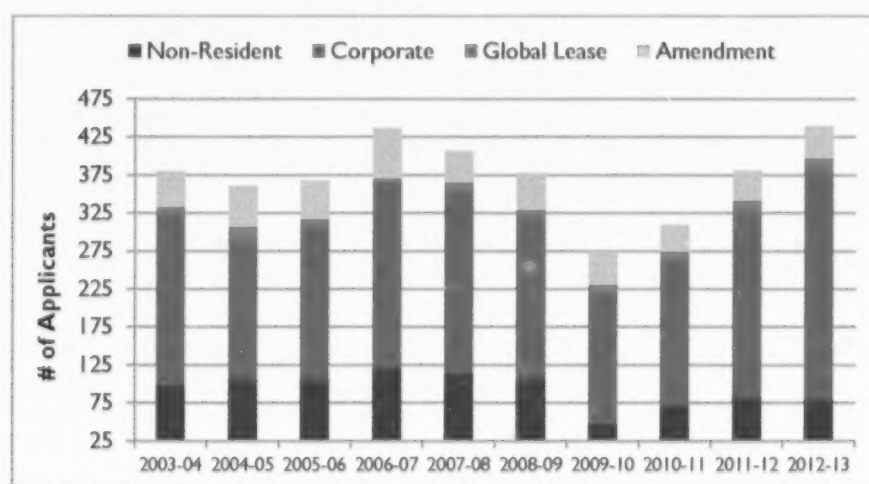
3. APPLICATIONS TO CANCEL, SUSPEND OR AMEND CONDITIONS

The Commission is also responsible for receiving applications to cancel, suspend or amend any condition, including the condition that the land be identified for non-development use, imposed under subsection 9(1) or 21(1) of the Act. The Commission then submits a report respecting the disposition of each application to the Minister of Finance, Energy and Municipal Affairs who makes a recommendation on the disposition of the application to the Lieutenant Governor in Council.

During the reporting period, forty-three (43) applications involving 345.02 acres were considered. Five (5) applications involving 68.39 acres were denied and the rest were approved with varying conditions.

4. SUMMARY

Below is a summary of the applications considered under the *Lands Protection Act* during 2012-13.



LANDS PROTECTION ACT – OTHER

Under the *Lands Protection Act*, a person having an aggregate land holding in excess of 750 acres or a corporation having an aggregate land holding in excess of 2,250 acres is required to file an annual land holding disclosure statement with the Commission.

The objective of the Land Identification Program is to preserve land for resource use by identifying it for non-development use.

1. ANNUAL DISCLOSURE PROCESS

The disclosure statements are filed pursuant to the provisions of subsection 10(2) of the Act which states:

“Without prejudice to subsection (1), any person or corporation having an aggregate land holding in excess of the limit specified in subsection (1) shall, not later than December 31 of each year, file a disclosure statement with the Commission.”

For the year 2012, the Commission received a total of one hundred and sixty-six (166) land holding disclosure statements, of which thirty-two (32) statements were filed by corporations and one hundred and thirty-four (134) filed by persons.

2. THE LAND IDENTIFICATION PROGRAM

Non-development use means use for purposes, including forestry, wildlife, agriculture, recreation, permanent or seasonal residence, that do not involve commercial or industrial development or subdivision.

The Commission's involvement in this program pertains to acquisitions by non-residents and corporations. The Commission is responsible for making recommendations to the Lieutenant Governor in Council on the disposition of applications including recommendations whether the land should be identified.

All Applications – Land Identification Program
Acreage Identified for Non-Development Use – 2002 to 2012

Type of Application	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Non-Resident	1,392	2,797	2,411	1,791	2,234	2,269	1,085	821	1,834	1812
Corporate	9,394	4,804	6,049	5,174	5,207	0	4,847	4,146	5,862	9203
TOTAL ACRES	10,786	7,601	8,460	6,965	7,441	2,269	5,931	4,967	7,696	11,015

The Commission places an emphasis on the identification of land for non-development use when it considers applications by non-residents and corporations for land acquisition. Special attention is paid to applications for acquisition of coastal land, active agricultural land, speculative land transactions and land intended for subdivision.

The Commission believes that this program is particularly important to preserve the Province's resource land base from premature and non-sustainable development, given the lack of a land use plan in much of the rural area of the Province. The program assists in ensuring that land will be available for the resource sector in the future.

During the reporting period, 11,015 acres were approved subject to identification for non-development use as a result of non-resident, non-resident corporate and resident corporate applications considered under the Act. The acreage identified represents approximately 47% of the total acreage considered by the Commission during the reporting period.

It is important to note that the above figure represents the acreage that is identified only when the transaction between the vendor and applicant occurs. Due to various factors including transactions not proceeding and alterations of the identification agreement, this figure represents the maximum acreage in the province that could possibly be identified.

3. EXEMPTION FOR ENVIRONMENTALLY SIGNIFICANT CLASS OF LAND

In 2009, Executive Council enacted an exemption regulation for environmentally significant class of lands. Section 35 of the *Lands Protection Act* Exemption Regulations provides for an exemption from Section 2 of the *Lands Protection Act*.

During this reporting period, Commission staff received and processed nine (9) applications for exemption pursuant to Section 35.

4. INFORMATION AND MONITORING SYSTEM

The Commission's computerized land information system contains information on applications filed with the Commission and the Land Use Commission dating back to 1977. The database also tracks persons and corporations that file annual land holding disclosure statements. This system allows the Commission to access information more quickly and efficiently when reviewing applications, conducting research and responding to public inquiries.

The Commission has provided access to certain information, pertaining to corporate and non-resident applications, to the general public through the Commission's website for the last several years. This allows

applicants and others who may have an interest in a particular application to follow its progress from the time it is filed until a decision is rendered. The Commission has expanded the relevant information now available to the public by adding a map showing the subject parcel.

The Commission continues to access property information and mapping through GeoLinc and the Department of Finance, Energy and Municipal Affairs' assessment records system, and uses a computerized mapping program called MapInfo to conduct research and studies relating to land matters. Up-to-date data is downloaded from the provincial database on a weekly basis.

During this reporting period, the Commission has completed development of a database to track environmentally significant lands exempted from section 2 of the *Lands Protection Act* pursuant to Section 35 of the *Lands Protection Act Exemption Regulations*.

5. ENFORCEMENT

Contraventions of the *Lands Protection Act* are handled on a case-by-case basis. When a contravention of sections 2, 4, 5 or 5.3 of the *Act* occurs, pursuant to subsection 15.1(1), the Commission may impose a penalty of not more than \$10,000.00 on any person or Corporation that has contravened.

During 2009-2010, the Commission embarked on a contravention penalty process in an effort to reduce the number of contraventions under the *Act*. In the current reporting period, the process is fully operational and the Commission has issued fifteen (15) penalty orders. The majority of those contraventions involved corporations or persons acquiring an interest in land prior to receiving approval to do so.

When contraventions are not fully disclosed by the contravening party, pursuant to subsection 15(1) of the *Act*, the Commission may request information and conduct an investigation for the purpose of determining whether a person or corporation has contravened the *Act* or the regulations. No investigations were launched during this reporting period.

Over the past several years, the Commission has become increasingly concerned about the number of incidences in which arrangements have been used to hold land for non-resident persons. The Commission notes that it is unaware of any exceptions or legal opinions in respect of exceptions to the *Lands Protection Act* allowing for such arrangements and thus, these arrangements will continue to be dealt with as a circumvention of the *Lands Protection Act*.

6. MUNICIPAL BOUNDARY EXTENSIONS

The Commission is responsible for conducting public hearings with respect to municipal boundary extensions. Pursuant to subsection 12(1) of the *Municipalities Act*:

"12(1) Where a municipality wishes to extend its boundaries to include an area for which no municipal government is provided under this Act, it may apply to the Minister for approval of the annexation of that area."

Pursuant to subsection 13(1), upon receipt of such application, the Minister shall direct the Commission to conduct a public hearing and make a recommendation to the Minister on the disposition of such application.

During the 2012-2013, the Commission did not receive from the Minister any referral applications to extend municipal boundaries, and accordingly, no such hearings were held during the reporting period.

REGULATORY FUNCTIONS

1. PETROLEUM

Petroleum regulation in Prince Edward Island is governed by the *Petroleum Products Act*, R.S.P.E.I. 1988, Cap. P-5.1. The purpose of the Act is set out in Section 2, which reads as follows:

"The purpose of this Act is to regulate the distribution and sale of petroleum products within the Province of Prince Edward Island for use within the province, and the type, location, and operation of facilities and equipment associated therewith, and to ensure at all times a just and reasonable price for heating fuel and motor fuel to consumers and licensees within the province."

In addition, the Commission is required when dealing with applications for annual renewal of all licenses, to consider whether the licensee is in a position to ensure an adequate supply of product during the coming year; the quantity of petroleum products sold in the previous year and the quality of service which the outlet renders to the community in which it is situated. The Commission expects to receive a minimum of three months' notice, especially in the case of wholesaler-owned outlets, of an intention to close a licensed outlet or remove a licensed service. Wholesale licenses bear the following condition:

"It is a condition of this license that the licensee shall maintain the level and type of service offered as of the date of this license, and shall not interrupt the supply of petroleum products and related services to retailers and consumers, unless prior written approval has been obtained from the Commission."

It is an important principle in regulation that, when a license is issued under the Act, a licensee cannot service customers selectively nor can a licensee arbitrarily discriminate against certain customers. It is a requirement of the Commission that products and services be provided in accordance with the class of license issued as prescribed by section 63 of the Act.

The Commission administers the *Petroleum Products Act*. The Act sets forth the requirements for the licensing of petroleum outlets in Prince Edward Island and the determination of just and reasonable wholesale and retail prices.

Current and archived pricing information on all products is available on the Commission's website at www.irac.pe.ca/petrol

Summary of Petroleum Licenses Issued

	wholesalers	retail outlets	retail distributors	tank trucks	TOTAL
2012	19	193	17	81	310
2011	19	199	17	83	318
2010	20	198	16	81	315
2009	16	208	16	84	324
2008	14	209	16	84	323
2007	13	215	16	83	327
2006	14	205	18	88	325
2005	13	208	17	90	328
2004	13	211	19	92	335
2003	12	204	23	84	323

NOTE: In addition to the above licenses, Slemon Park Corporation has been licensed since 1992 with respect to the sale of aviation fuels.

Under the Act, no wholesaler or wholesaler-retailer shall bring into the province, cause another to bring into the province or distribute within the province, any petroleum product unless that wholesaler or wholesaler-retailer holds a license authorizing such activities. The Act also provides that no retailer, wholesaler or wholesaler-retailer shall sell or furnish any petroleum product or keep any petroleum product for sale at an outlet unless that retailer, wholesaler or wholesaler-retailer is the holder of a license with respect to each such outlet, and then only as specified in the license and subject to the Act and Regulations.

In the area of petroleum licensing, Section 20 of the Act requires that the Commission, when issuing a retailer's license, consider the public interest, convenience and necessity by applying such criteria as the Commission may from time to time consider advisable. This includes, but is not restricted to, a consideration of the demand for the proposed service, the location of the outlet, traffic flows and the applicant's record of performance.

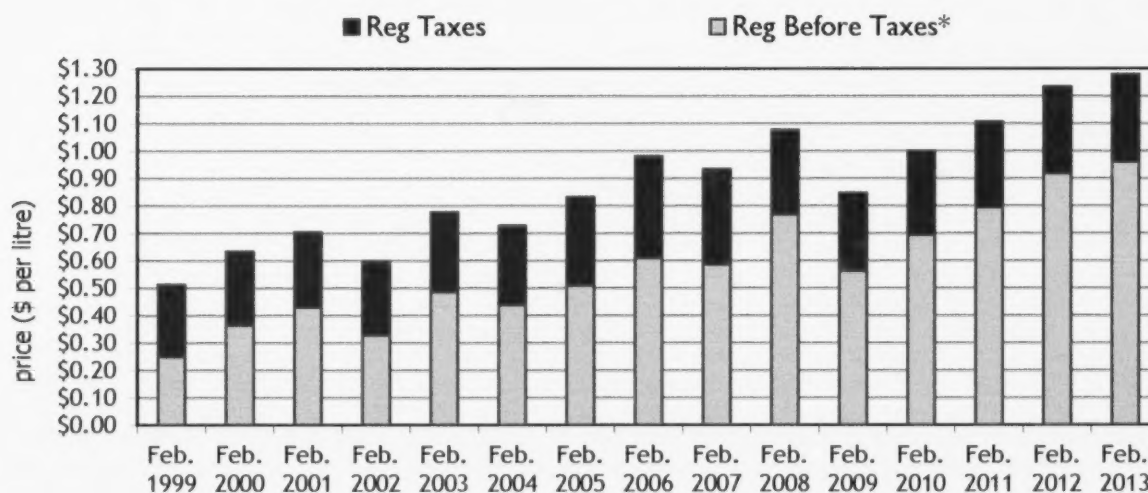
Petroleum Retail Outlets by Classification

	stations	merchants	garages	marine	propane only	TOTAL
2012	19	71	4	53	46	193
2011	20	69	5	57	48	199
2010	20	68	5	57	48	198
2009	20	71	5	62	50	208
2008	22	72	5	62	48	209
2007	24	73	6	69	43	215
2006	31	70	6	67	31	205
2005	34	68	6	70	30	208
2004	38	68	6	74	25	211
2003	38	70	6	73	17	204

The following 20 wholesalers were licensed under the Act to do business in this Province during this reporting period: Ultramar Ltd., Shell Canada Products, Imperial Oil Limited, Irving Oil Commercial G.P., Irving Oil Marketing G.P., Highlands Fuel Delivery G.P. (dba Irving Energy Distribution and Marketing), Suncor Energy Products Partnership (dba Petro-Canada), Co-op Atlantic, Wilson Fuel Co. Limited, XTR Energy Company Limited, Parkland Industries Ltd. (dba Bluewave Energy Ltd. and Island Petroleum), Superior Plus Inc. (dba Superior Propane), Kenmac Energy Inc., Lakeshore Fuels Inc., Supreme Tank Incorporated, 3260859 Nova Scotia Limited Trustee (dba Sobeys Atlantic Fuel Co.), Mansfield of Canada ULC, Service D'Echange Rapidgaz Inc. (dba Rapidgaz), Royal Propane & Hearth Inc. and Xpress Natural Gas LLC.

In the area of petroleum pricing, the Commission's legislative mandate requires that it ensure a just and reasonable price for heating and motor fuels to consumers and licensees within the Province. In addition to dealing with individual applications for price changes to wholesalers' dealer and posted consumer prices, the Commission monitors available pricing information from local, national and international sources.

Regular Gasoline – Pump Prices

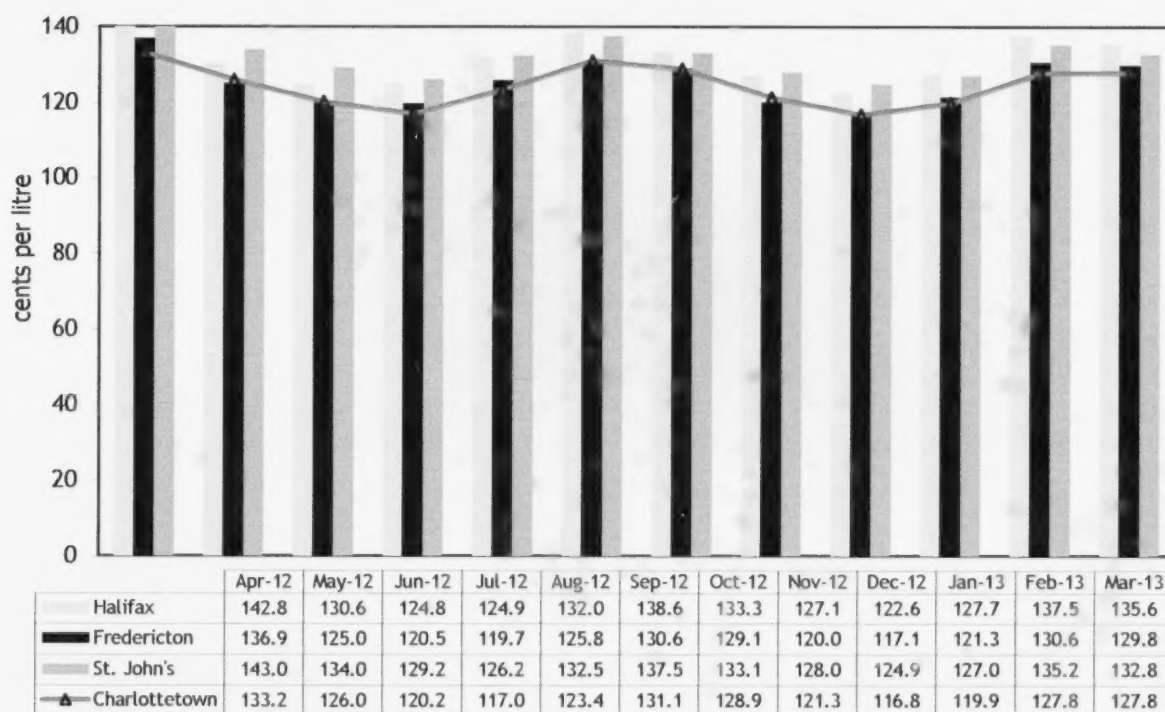


*Includes average dealer markup of 5.5 cents per litre

The Commission also has the responsibility of determining retailers' minimum and maximum markups. During the period covered by this report, the authorized markups ranged from 5.5 to 6.5 cents per litre at self-serve pumps, and from 7.5 to 10.5 cents per litre at full-serve pumps. In addition, the markup selected by a dealer for each method of dispensing must be consistently applied to each grade of gasoline sold or offered for sale at the outlet. At split-serve outlets, diesel fuel and each grade of gasoline sold at self-serve pumps must be priced at least 2.0 cents lower than the prices at which full-serve diesel fuel and each grade of gasoline are being offered for sale.

The following schedule compares regional regular unleaded gasoline prices during this reporting period.

Regular Unleaded Gasoline Prices – Atlantic Region



All petroleum product price changes authorized by the Commission are the subject of public notice. Current and archived pricing information on all products is available on the Commission's website at www.irac.pe.ca.

During the period covered by this report, the Commission issued 52 formal Orders relating to petroleum regulation.

Following is additional statistical data for the calendar years 2003-2012, including statistics relating to average gasoline volume per retail outlet (general merchant/service station/garage).

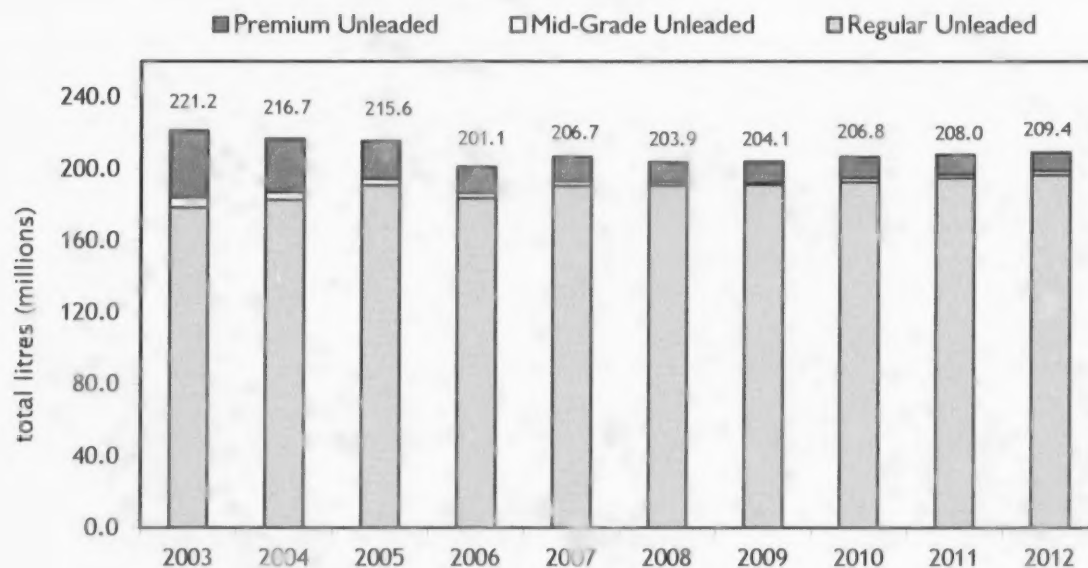
Products Sold (in Litres)

	gasoline	fuel oils	diesel	propane	TOTAL
2012	209,449,992	129,917,580	74,304,642	20,862,561	434,534,775
2011	208,008,318	141,353,332	79,543,198	20,819,887	449,724,735
2010	206,838,530	136,236,802	78,928,836	19,794,245	441,798,413
2009	204,146,117	152,735,666	79,634,904	20,775,982	457,292,669
2008	203,898,647	159,387,400	74,474,033	20,962,027	458,722,107
2007	206,735,629	171,956,926	80,292,701	22,083,751	481,069,007
2006	201,132,906	152,653,541	81,319,436	20,156,213	455,262,096
2005	215,606,663	181,001,327	86,042,708	21,247,305	503,898,003
2004	216,693,837	194,930,634	83,033,209	21,764,407	516,422,087
2003	221,220,829	197,008,105	84,807,293	20,359,506	523,395,733

Retail Dealers — Gasoline Volume Statistics

	retail gasoline volume (litres)	number of outlets	average volume/outlet
2012	203,423,421	94	2,164,079
2011	201,385,568	93	2,165,436
2010	201,067,450	93	2,162,015
2009	196,896,709	96	2,051,007
2008	188,932,978	99	1,908,414
2007	192,890,821	103	1,872,726
2006	189,418,271	107	1,770,264
2005	197,224,392	108	1,826,152
2004	200,831,674	112	1,793,140
2003	202,788,877	114	1,778,850

Sale of Gasoline by Grade



The Commission's regulatory powers are derived from the *Electric Power Act*. On November 25, 2010, the *Electric Power (Electricity-Rate Reduction) Amendment Act* was tabled in the Legislative Assembly by the Honourable Richard F. Brown, Minister of Environment, Energy and Forestry.

To learn more, visit our website at:
www.irac.pe.ca/electric

In the area of public utilities, the Commission derives its authority under the *Electric Power Act* and the *Water and Sewerage Act*. The former Act applies to electric utilities operating in the province and the latter applies to municipal water and wastewater utilities¹.

2. ELECTRICITY

The *Electric Power Act* came into effect on January 1, 2004 and returned Maritime Electric Company, Limited (Maritime Electric), the province's principal supplier of electric power, to the jurisdiction of the Commission. The legislation provides, as well, for the regulation of electric power rates and charges of the City of Summerside Electric Utility insofar as that utility provides services beyond its corporate limits. However, by virtue of the *Electric Power Act City of Summerside Electric Utility Exemption Regulations*, the Summerside Utility is largely exempt from the jurisdiction of the Commission so long as its rates and charges for services provided beyond its corporate limits do not exceed its rates for services provided within the City.

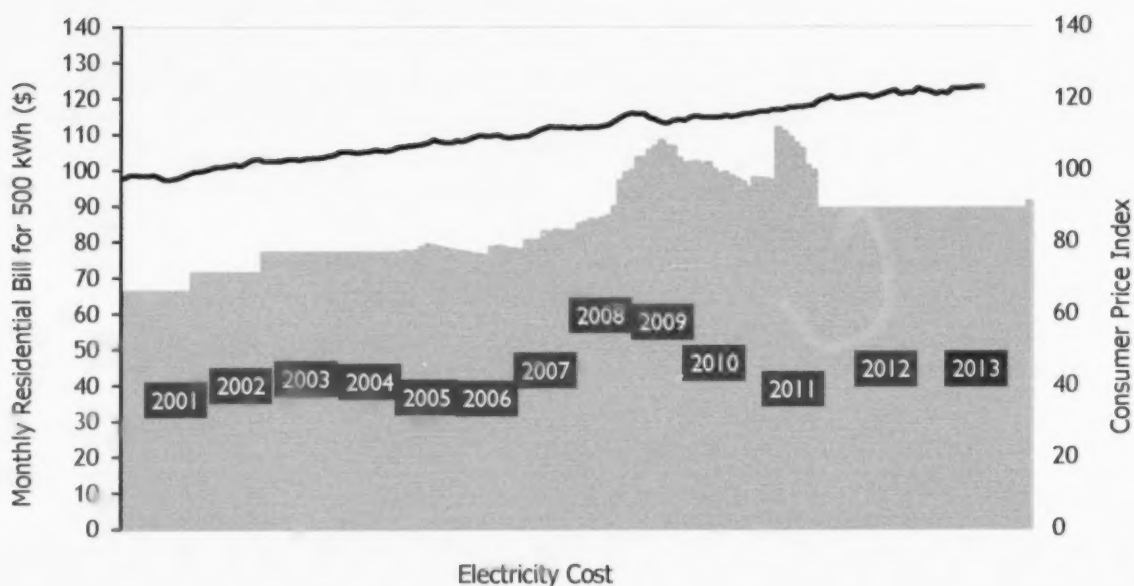
On December 9, 2010, the *Electric Power (Electricity-Rate Reduction) Amendment Act* was tabled in the Legislative Assembly. This legislation outlines the terms and conditions of an Energy Accord Agreement signed between the Government of P.E.I. and Maritime Electric. This Act reduces electricity pricing by 14% for customers of Maritime Electric Company, Limited and freezes these reduced rates until March 1, 2013.

On December 7, 2012 the *Electric Power (Energy Accord Continuation) Amendment Act* received Royal Assent. This legislation provides a continuation of the Energy Accord which sets electricity rates for the final three years of the Accord and incorporates a 3% increase in electricity rates for 2013, 2014 and 2015.

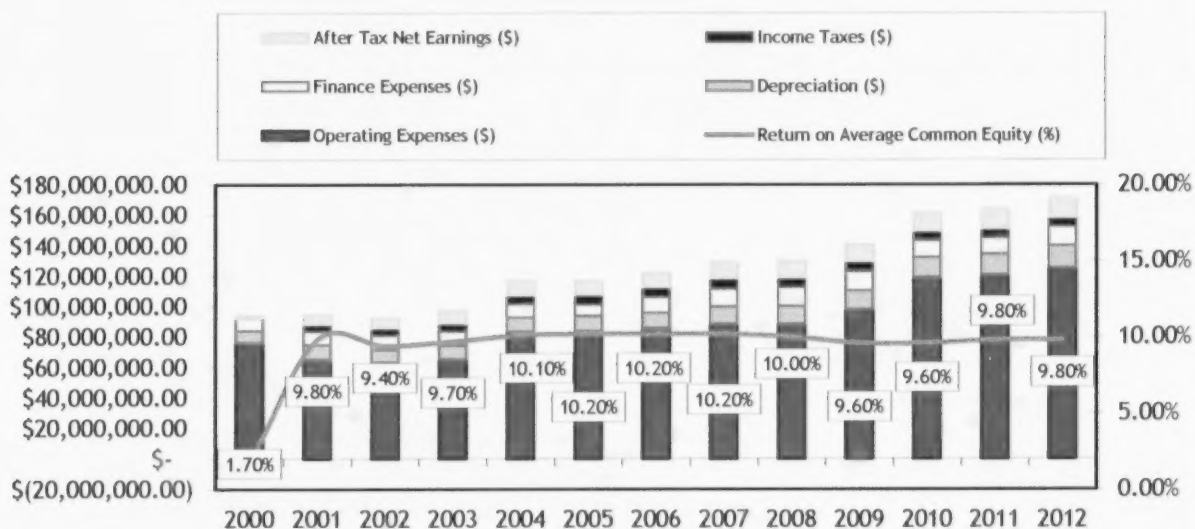
Maritime Electric received approval for its 2013 capital budget estimates and 2011 capital budget expenditure variances. In addition, Maritime Electric filed evidence which outlines its compliance with the *Renewable Energy Act* required percentage of electrical energy from renewable sources. This evidence outlines that Maritime Electric sourced 15.22% of electrical energy from renewable sources and thus exceeded the *Renewable Energy Act* requirement of 15%.

¹ The utilities operating in the cities of Charlottetown and Summerside and the towns of Stratford and Cornwall are exempt from the jurisdiction of the Commission.

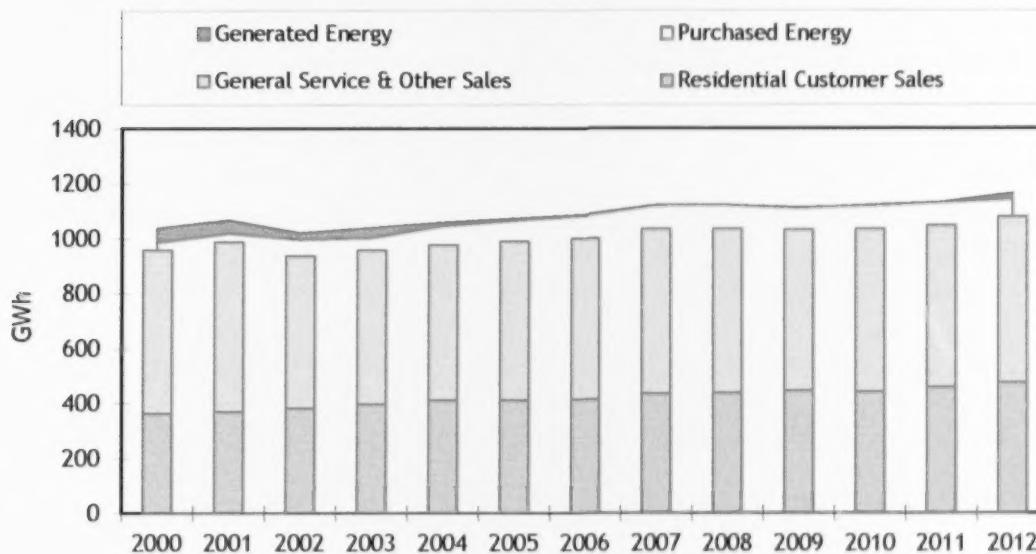
Electricity Costs Compared to the CPI – Maritime Electric



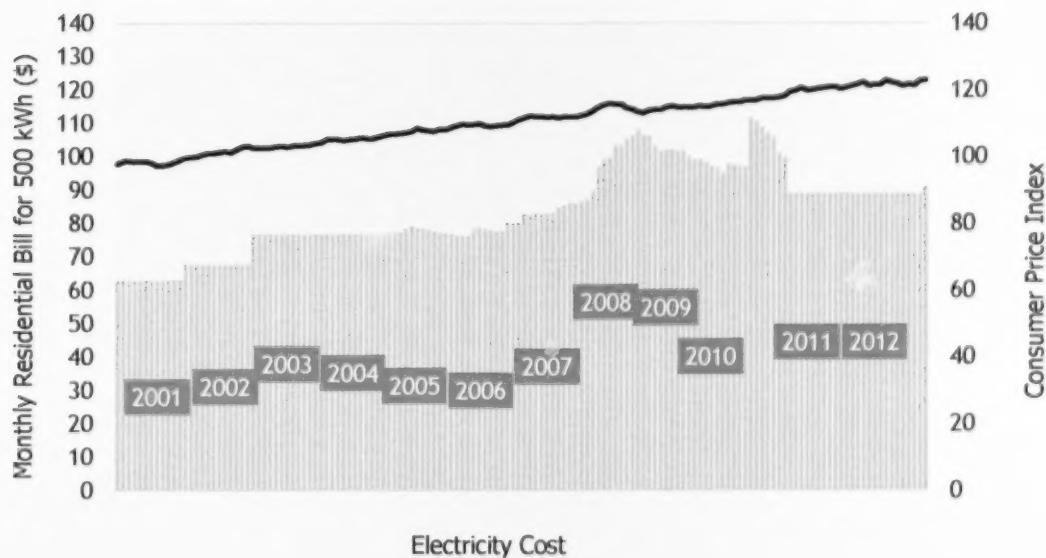
Selected Financial Data – Maritime Electric – 2000-2012



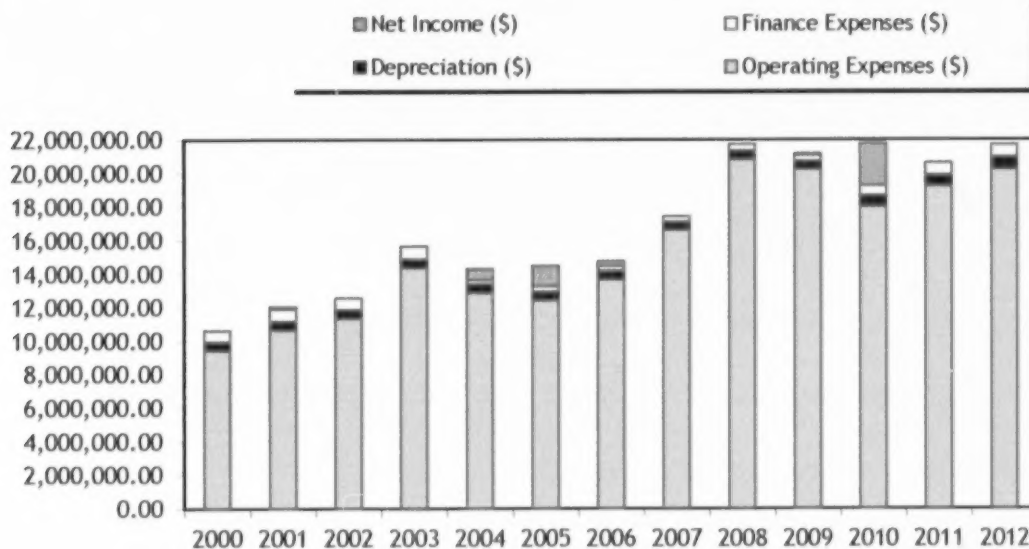
Selected Operating Data – Maritime Electric – 2000-2012



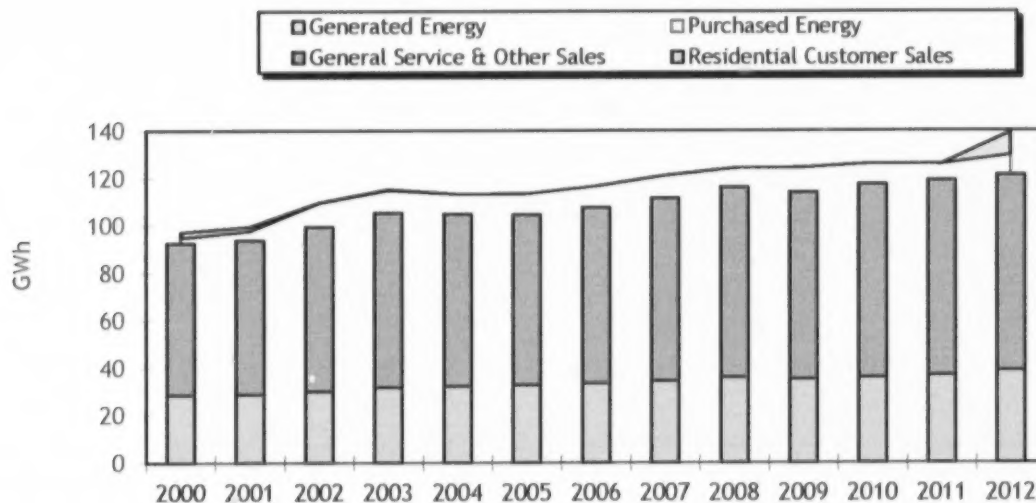
Electricity Costs Compared to the CPI – Summerside Electric



Selected Financial Data – Summerside Electric



Selected Operating Data – Summerside Electric



The Commission regulates all water and wastewater utilities in Prince Edward Island, excluding municipal utilities in Charlottetown, Summerside, Stratford and Cornwall.

Visit our website at
<http://www.irac.pe.ca/utilities>

3. WATER AND SEWER

In the area of water and wastewater, the Commission issued eight (8) permits approving utility construction projects for various municipalities and nine (9) rate-related Orders during this period.

Specifically, construction projects approved by the Commission involved upgrades to Crapaud's water plant, including improvements to the existing well and the addition of another well. Alberton extended sewer services into Phase II of a new subdivision off Church Street and replaced problematic mains throughout various locations in the community. Borden-Carleton received approval to carry out both phases of their project to divert storm water from the central wastewater distribution system. North Rustico extended sewer services to Spring Street, and services were extended to new subdivision developments in Kinkora and Tignish.

Funding through various federal-provincial development initiatives continued to be available for infrastructure projects and many municipalities allocated gas tax funds in addition. Funding contributions generally reduce a project's impact on rates substantially.

During the 2012-13 period, the Commission issued nine (9) water/wastewater rate-related Orders. Utilities are often required to carry out improvements to meet with environmental standards and several of the Orders issued relate to major plant improvements, resulting in substantial increases in utility rates. Over the last few years, the Commission has required utilities to involve customers more and, in each case, residents were kept informed of a project's progress and the expected impact on rates following completion of the work. The Commission believes that the sharing of information creates a better understanding of the need for rate relief and eases the transition to increased rates.

Crapaud's sewer rates increased in 2012 from \$150 to \$385 per unit, per year, in response to upgrades carried out in 2010. Also following major plant upgrades, Morell received approval to move its sewer rates in three phases from \$156 to \$225 between 2012 and 2014. Tyne Valley's rates increased substantially on July 1, 2012 due to upgrades carried out in 2009 totaling \$1.3 million. In 2011, Mount Stewart improved its lagoon, created a wetland area for secondary treatment and installed an ultra-violet disinfection system. The impact of this project saw rates increasing in 2013 by \$200 per year, per home. In comparison, without funding, rates were projected to increase by roughly \$670 per dwelling.

Orders were also issued by the Commission to offset certain utilities' increased operating costs. Alberton's annual sewer rate increased by \$10 per unit; North Rustico received approval to increase water rates by \$40 per year due to higher expenses; Abrams Village was given an increase of \$35 per unit towards increased costs for a certified treatment plant operator; and Victoria received increases in both water and sewer rates of \$70 and \$15 per unit respectively.

The Commission's uniform system of accounts for water and wastewater utilities—introduced in 1997—continues to provide consistency and comparability of utility financial data and the Commission will continue to monitor utilities' financial information to identify when rate relief may be needed.

Further to the development of a reference manual for utilities, information sessions and meetings continued to be held with utility representatives. As well, since the introduction of a rate filing template to aid utilities in the preparation of a simplified rate submission, and to help defray filing costs, several utilities have used the electronic template with success.

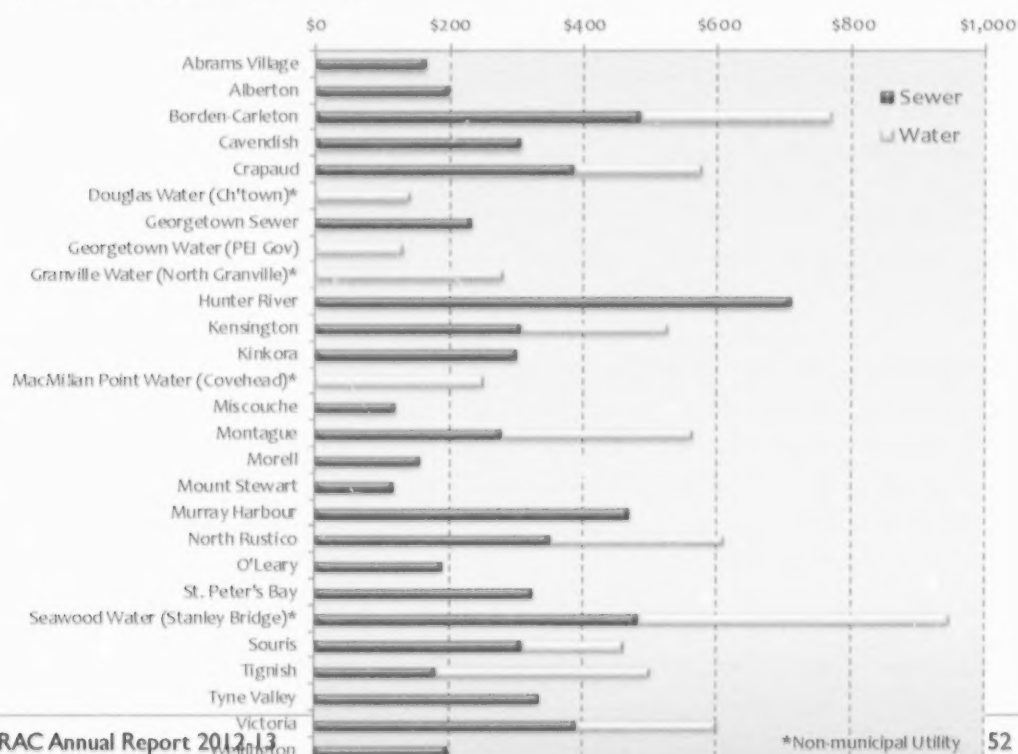
The Commission also commenced a review of the *Prince Edward Island Municipal Water & Sewerage Utilities General Rules & Regulations*, including a survey requesting utility feedback on suggested amendments, particularly as they relate to the current fees. The review is expected to be completed by the next reporting period.

Numerous utility-related inquiries and complaints were addressed during this period as well.

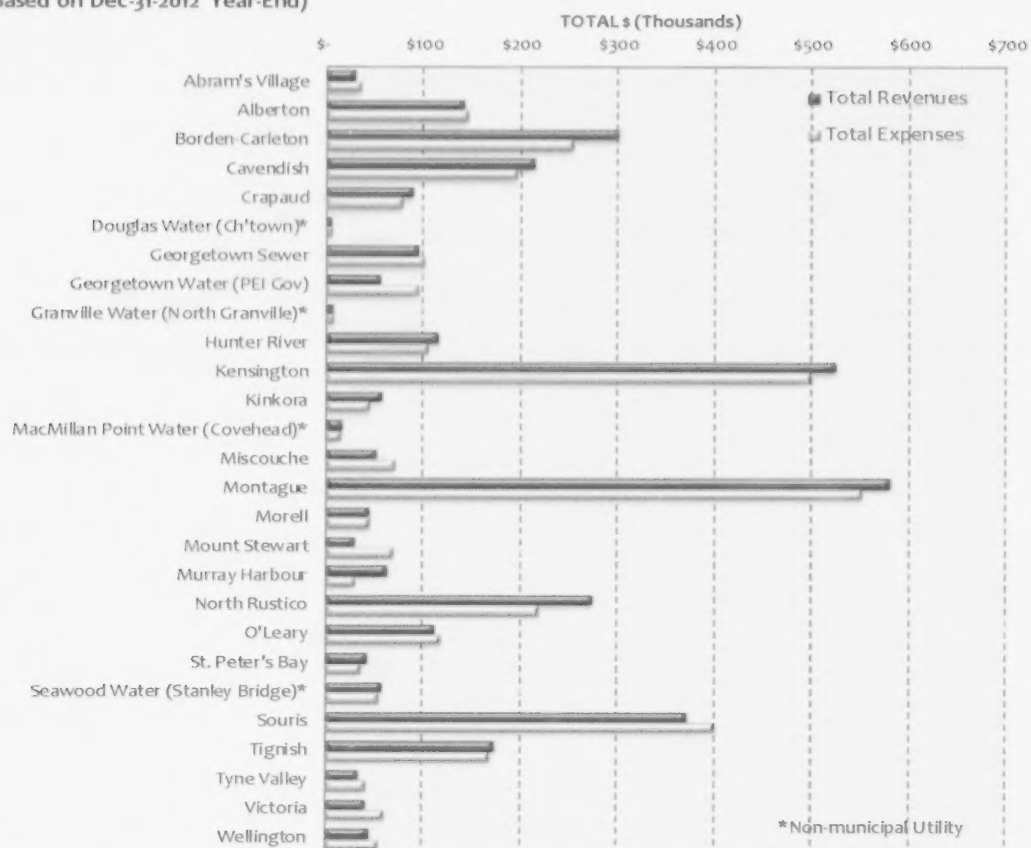
Information on water and wastewater resources such as Commission Permits issued for construction-related projects, Commission water/sewer Orders, utility accounting information and guidelines, as well as rate filing information and the template, are available on the Commission's website at <http://www.irac.pe.ca/utilities/>.

The following charts show a comparison of the annual service rates for each municipality, based on a single dwelling, and each utility's reported annual revenues and expenditures at December 31, 2012.

2012-13 Water /Sewer Utility Annual Rates
(Based on a Single-Family Dwelling)



2012-13 Water/Sewer Utility Revenues & Expenditures
 (Based on Dec-31-2012 Year-End)



4. AUTOMOBILE INSURANCE

In December of 2003, the provincial government amended the *Insurance Act* to place the supervision of automobile insurance rates under the jurisdiction of the Commission. The legislation required that all insurers providing automobile insurance in Prince Edward Island file their rates with the Commission on, at least, an annual basis.

This past year, the Commission reviewed a total of 59 rate and/or rate-related filings. On a weighted average basis, the overall rate impact observed on PEI for this period amounted to -0.8%. Since the introduction of insurance reform in 2003, a combined weighted average rate reduction of approximately 24% has been realized.

As observed in previous years, the Commission's analysis revealed that there were broad differences in the rates charged by different companies for similar insurance coverage. Accordingly, the Commission is of the opinion that strong competition in the general insurance market continues to exist in Prince Edward Island.

5. WASTE MANAGEMENT

The *Environmental Protection Act* requires Commission approval of variations to existing rates and proposed rates for new services by the Island Waste Management Corporation (IWMC). In seeking rate changes, the IWMC is required to file with the Commission a schedule of proposed rates, a submission justifying or explaining the proposed rates and any such information as the Commission may require. There were no rate change applications in 2012.

The Commission administers section 258 of the *Insurance Act* and is responsible for reviewing the rates of every insurer carrying on the business of automobile insurance in Prince Edward Island.

In June, 2005, the Legislature amended the *Environmental Protection Act* requiring Commission approval of variations to existing rates and rates for new services by the Island Waste Management Corporation (IWMC).

APPELLATE FUNCTIONS

The Commission hears planning-related appeals under a number of provincial statutes. Subject to the specific requirements of section 28 of the *Planning Act*, municipal and ministerial land use planning decisions may be appealed to the Commission. The *Roads Act*, *Unsuitably Property Act* and the *Heritage Places Protection Act* also include specific rights of appeal to the Commission.

1. PLANNING

Under the *Planning Act*, the Commission is responsible for hearing and deciding appeals relating to land use.

As an appellate body, the Commission hears appeals from persons who are dissatisfied with decisions made by the Minister of Finance, Energy and Municipal Affairs or a municipal council pursuant to subsections 28(1) and 28(1.1) of the *Act*. These provisions are set out as follows:

28. (1) Subject to subsections (1.2) to (4), any person who is dissatisfied by a decision of the Minister that is made in respect of an application by the person, or any other person, pursuant to the regulations for

- (a) a development permit;
- (b) preliminary approval of a subdivision or a resort development;
- (c) a final approval of a subdivision;
- (d) the approval of a change of use; or
- (e) any other authorization or approval that the Minister may grant or issue under the regulations,

may appeal the decision to the Commission by filing with the Commission a notice of appeal.

(1.1) Subject to subsections (1.2) to (1.4), any person who is dissatisfied by a decision of the council of a municipality:

(a) that is made in respect of an application by the person, or any other person, under a bylaw for:

- (i) a building, development or occupancy permit,
- (ii) a preliminary approval of a subdivision,
- (iii) a final approval of a subdivision; or

- (b) to adopt an amendment to a bylaw, including:
 - (i) an amendment to a zoning map established in a bylaw, or
 - (ii) an amendment to the text of a bylaw,

may appeal the decision to the Commission by filing with the Commission a notice of appeal.

2. SYNOPSIS

In 2012-2013, the Commission issued eleven (11) *Planning Act* appeal orders:

1. Order LA12-01, the Commission upheld a decision of the Town of Cornwall.
2. Order LA12-02, the Commission allowed an appeal of a decision of the City of Charlottetown. The City appealed to the Prince Edward Island Court of Appeal. The Court heard the appeal in February 2013. During the reporting period, the Court of Appeal's decision was still pending.
3. Order LA12-03, the majority of the Commission panel upheld a decision of the Community of New Haven-Riverdale.
4. Order LA12-04, the Commission allowed an appeal of a decision of the Community of Kinkora.
5. Order LA12-05, the Commission upheld a decision of the Community of Miltonvale Park.
6. Order LA12-06, the Commission upheld three decisions of the City of Charlottetown pertaining to the same matter.
7. Order LA12-07, the Commission denied a request for review of Order LA12-03.
8. Order LA12-08, the Commission determined that several appeals be dismissed as the appellants did not wish to proceed with the appeals.
9. Order LA13-01, the Commission found that it had no jurisdiction to hear the appeal. The appeal was premature given that the Minister had not made an appealable decision.
10. Order LA13-02, the Commission found it did not have the jurisdiction to hear an appeal of a decision of the Community of Miltonvale Park because the decision was a bylaw enforcement decision. The Commission held that there is no right to appeal a bylaw enforcement decision under the *Planning Act* and no right to appeal to the Commission under the *Municipalities Act*.
11. Order LA13-03, the Commission found that it had the jurisdiction to hear an appeal of a decision of the Community of Sherbrooke.

During 2012-2013, eight (8) *Planning Act* appeals were filed with the Commission. Four (4) of these appeals were later withdrawn. The Commission found that it had no jurisdiction to hear two (2) appeals. The Commission allowed two (2) appeals.

2003 – 2013 – Status of Planning Act Appeals

Appeals	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Allowed	4	1	4	3	2	3	2	4	1	2
Denied	2	10	6	9	5	9	6	9	1	0
Withdrawn	6	10	8	3	1	13	7	3	5	4
No Jurisdiction	2	9	4	3	4	1	3	1	2	2
Mediated	0	2	2	2	0	0	0	2	1	0
Pending	9	10	13	4	10	8	9	13	4	0
Total	23	42	37	24	22	34	27	32	14	8

3. JURISDICTIONAL RULINGS ISSUED BY THE COMMISSION

While all appeals may have the potential to set a precedent, appeals where the Commission's jurisdiction is at issue have an especially important impact as they help to establish what kinds of future appeals the Commission can and cannot bear.

During fiscal year 2012-13 there are no jurisdictional rulings.

4. REAL PROPERTY ASSESSMENTS

The Minister of Finance, Energy and Municipal Affairs is responsible for administering the *Real Property Assessment Act*. Sub-section 22(1) of the Act states:

"Where an assessment has been referred to the Minister under Section 20, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission to have the assessment vacated or varied."

In 2012-2013, the Commission received three (3) appeals. All three (3) appeals were withdrawn during the reporting period.

5. REAL PROPERTY TAXES

The Minister of Finance, Energy and Municipal Affairs is responsible for administering the *Real Property Tax Act*. Subsection 35(1) of the Act reads:

"Where a tax has been referred to the Minister under Section 33, and after the Minister has notified the person making the reference of his decision, the person making the reference may appeal to the Commission, to have the tax vacated or varied."

No appeals were filed with the Commission during this reporting period.

6. APPEALS UNDER THE EMERGENCY 911 ACT

Section 10 of the *Emergency 911 Act* authorizes the Lieutenant Governor in Council to make regulations respecting appeals to the Commission from decisions of the Provincial Tax Commissioner addressing objections of telecommunications carriers in respect of assessments, reassessments and estimates. Where a telecommunications carrier disputes liability for an amount indicated as being due and payable, the *Emergency 911 Act 911 Cost Recovery Fees Regulations* provides the telecommunications carrier with the right to appeal a decision of the Provincial Tax Commissioner with respect to the reconsideration of the assessment, reassessment or estimate.

No appeals were filed with the Commission during this reporting period.

7. REVENUE (SALES) TAXES

Under the *Revenue Administration Act*, the Commission acts as an appellate tribunal that hears appeals from decisions of the Provincial Tax Commissioner in relation to tax assessments made under several provincial revenue acts.

No appeals were filed with the Commission during this reporting period.

8. UNSIGHTLY PROPERTIES

The *Unsightly Property Act* deals with properties that are considered unsightly. Under the Act an Order can be issued to an individual to clean up the property. Pursuant to Section 7 of the Act, where an individual is issued an Order to clean up an unsightly property, he or she may appeal to the Commission. On hearing the appeal, the Commission may confirm, rescind or in any manner vary the Order, and the judgment of the Commission shall be final.

No appeals were filed during the reporting period.

One (1) appeal previously filed during the 2010-2011 reporting period continued to be carried over into the 2011-2012 and 2012-2013 reporting periods. During the 2012-2013 reporting period, the Commission issued Order LUI2-01. In Order LUI2-01, the Commission found that a lack of disclosure by the decision maker lead to a prolonged appeal. When the Commission finally obtained disclosure, it became apparent that the Minister's decision was not an appealable Ministerial order. The Commission dismissed the purported appeal without prejudice to any future right to appeal.

9. ENTRANCEWAY PERMITS

The *Roads Act* is the responsibility of the Minister of Transportation and Infrastructure Renewal. The Commission has appellate jurisdiction as set out pursuant to subsection 12(1) of the Highway Access Regulations:

"Where the Minister has discretion to issue an entranceway permit pursuant to these regulations, a decision of the Minister may be appealed to the Island Regulatory and Appeals Commission, by the applicant."

During the reporting period, no appeals were filed with the Commission.

10. HERITAGE PLACES

Under the *Heritage Places Protection Act* and the *Heritage Places Protection Act Regulations*, the Minister may designate any heritage place as a designated site, structure or area. The owner of any property designated as a heritage place, or any municipality in which the property is located, may appeal the Minister's decision by written notice to the Commission within 30 days of the receipt of service of the Notice of Designation of Heritage Place.

No appeals were filed with the Commission during this reporting period.

11. ENVIRONMENTAL APPEALS

Section 29.1 of the *Environmental Protection Act* operates in conjunction with Section 13 of the *Environmental Protection Act - Watercourse and Wetland Protection Regulations* to provide a limited right of appeal to the Commission. This right of appeal pertains to certain decisions made by the Minister of Environment, Labour and Justice.

The Commission issued one (1) Order during 2012-2013 pertaining to an appeal filed during the previous reporting period. In Order LEV12-01, the Commission found that it had no jurisdiction to hear an appeal of either order issued by the Minister. With respect to the first order issued by the Minister in 2010, the Commission had no jurisdiction to hear the appeal because the appellant failed to file his appeal within the statutory appeal period. With respect to the second order issued by the Minister in 2012, the Commission found that the *Environmental Protection Act* does not extend a right to appeal to a Ministerial order pertaining to costs.

12. RENTAL APPEALS

Under the *Rental of Residential Property Act*, the Commission has the power to hear appeals from decisions of the Director of Residential Rental Property. Of the 359 issued on rental matters by the Director during the 2012-2013 reporting period, the Commission received 38 appeals. In addition, one appeal was carried over from the previous reporting period. Of these 39 appeals, six (6) appeals were withdrawn and the Commission issued decisions on 33 appeals. One appeal was pending and carried forward for the 2013-2014 year.

The volume of rental appeals this period is similar that experienced in 2011-2012, where out of 346 Orders issued by the Director of Residential Rental Property, 38 appeals were filed with the Commission.

OFFICE OF THE DIRECTOR OF RESIDENTIAL RENTAL PROPERTY

1. ROLES AND RESPONSIBILITIES

The following outlines the major roles and responsibilities of the Office and the level of activity under each of the designated sections of the *Act*. Statistical information is based on the fiscal year from April 1, 2012 to March 31, 2013.

The administration of the *Rental of Residential Property Act* is carried out by the Office of the Director of Residential Rental Property, while The Island Regulatory and Appeals Commission (the "Commission") hears appeals from the decisions of the Director of Residential Rental Property and those rental officers who have been delegated decision making power by the Director.

The *Act* establishes the obligations and responsibilities of the parties to rental agreements for residential premises. Procedures are set out to deal with violations and to enforce obligations under rental agreements. The *Act* sets out mechanisms whereby violations are expeditiously handled and the system is readily accessible to all parties. The *Act* outlines, among other things, procedures for the enforcement of statutory conditions, the handling of security deposits, the termination of rental agreements, rent owing, disposition of abandoned personal property, and properly increasing rent.

The Office has exclusive responsibility for the administration of the *Act* and Regulations. The Director is responsible for:

- ❖ Providing information to the public to promote understanding of rights and responsibilities under this *Act*;
- ❖ Advising lessors and lessees with respect to matters relating to rental agreements;
- ❖ Receiving and investigating allegations of violations of rental agreements, or of the *Act* or the Regulations;
- ❖ Holding hearings upon proper notice to the parties, determining matters of procedure at hearings and making decisions or orders with respect to matters relating to the rights of lessors or lessees arising pursuant to this *Act*; and
- ❖ Entering and inspecting residential premises, after serving an inspection order, for the purpose of carrying out the powers or duties under this *Act* or the Regulations.

The Office of the Director of Residential Rental Property is responsible for the administration of the *Rental of Residential Property Act*, primarily dealing with disputes between lessors and lessees.

To view our website, go to
www.irac.pe.ca/rental

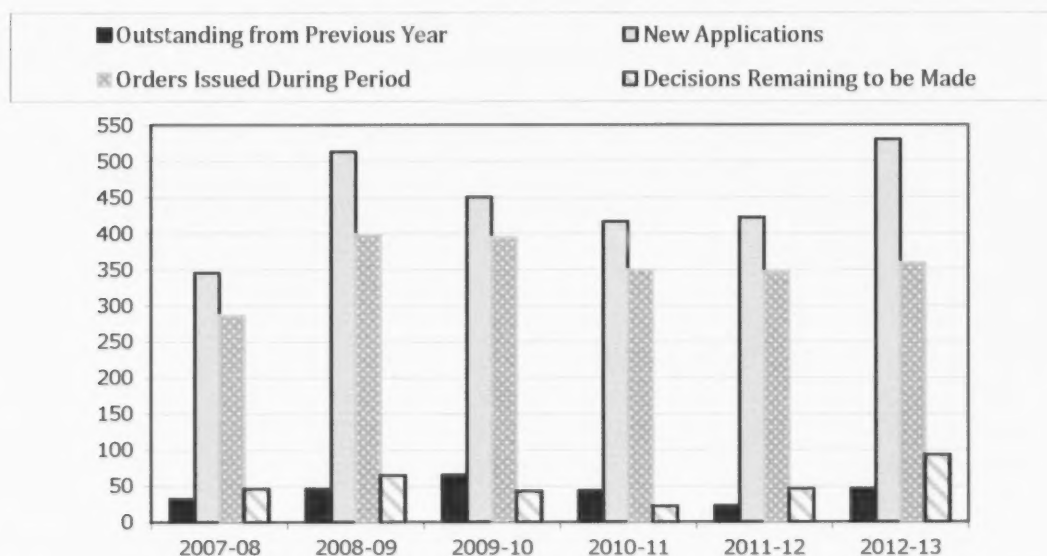
As a result of legislative changes in 1998, the *Act* applies to all premises licensed under the *Tourism Industry Act* where guests rent such premises for a continuous period of one month or more.

The *Act* is administered on a Province-wide basis with the majority of hearings being held at the offices of the Commission. Hearings are also held at various Access PEI Centres when the housing unit involved is in that regional area.

2. APPLICATIONS AND ORDERS

During 2012-2013 the Office received 530 new applications concerning rental matters and issued 359 orders. During the 2011-2012 reporting period the Office received 422 new applications and issued 347 Orders.

Status of Applications 2007-2013



Orders Issued – 2007 - 2013

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
DETERMINATION OF SECURITY DEPOSITS	40	55	46	53	32	39
BREACH OF STATUTORY CONDITIONS	173	257	261	212	221	239
TERMINATION	62	61	75	63	73	71
RENT INCREASE	12	26	13	22	21	10
TOTAL	287	399	395	350	347	359

3. INQUIRIES

In 2012-2013, the Office received 11,108 inquiries, as compared to 10,463 inquiries in 2011-2012.

Inquiries 2007-2013

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
BREACH OF STATUTORY CONDITIONS						
CONDITION OF PREMISES	674	790	682	573	718	630
SERVICES	417	517	379	301	410	370
GOOD BEHAVIOR	142	167	150	113	126	106
LESSEE CLEANLINESS AND / OR DAMAGES	533	457	346	307	325	359
SUBLET BY LESSEE	39	32	66	31	58	81
ENTRY OF						
PREMISES	247	181	206	210	214	276
ENTRY DOORS	38	57	27	29	34	49
LATE PENALTY PAYMENT	7	10	6	6	6	4
QUIET ENJOYMENT	163	130	143	108	68	89
LESSEE DELIVERY OF						
POSSESSION	835	779	697	549	605	633
MOBILE HOMES	52	76	50	66	131	55
RENT	2,388	2,494	1,991	1,811	2,011	2,005
OTHER STATUTORY CONDITIONS	288	285	444	306	304	255
PERSONAL PROPERTY	220	237	221	239	223	333
WASTE MANAGEMENT	9	1	6	5	7	6
NO STATUTORY CONDITION SPECIFIED	0	0	0	0	0	0
SECURITY DEPOSITS	1,717	1,583	1,297	1,415	1,158	1,398
TERMINATION	2,625	2,557	2,451	2,261	2,425	2,413
RENT INCREASE	609	1,345	568	496	591	528
OTHER	1,680	1,769	1,299	1,142	1,049	1,518
TOTAL	12,683	13,467	11,029	9,968	10,463	11,108

Note: There are some office and telephone calls and emails or faxes which involve more than one category inquiry.

4. ACTIVITIES

The following sections outline the level of activity under the main sections of the Act.

Enforcement of Statutory or Other Conditions of a Rental Agreement

The statutory conditions are those obligations of either the lessor (landlord) or the lessee (tenant) as set out in the Act and the standard form of rental agreement. Statutory conditions include such issues as:

- the condition of the premises;
- the services provided;
- lessee obligations and behavior;
- payment of rent and return of rent;
- subletting of the premises;
- entry into the premises late payment; and
- delivery of possession.

The Act also provides for a process for dealing with personal property abandoned by lessees. In all cases the parties are encouraged to resolve disputes after their rights are explained. When this is unsuccessful, an application is received and processed by investigation and/or hearing.

During the reporting period, the Office received 354 applications involving statutory or other conditions. This represents an increase of 72 from the previous year's total of 282.

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
DETERMINATION OF SECURITY DEPOSITS	37	55	40	55	36	63
BREACH OF STATUTORY CONDITIONS						
CONDITION OF PREMISES	12	21	16	17	22	28
SERVICES	4	21	3	4	14	15
GOOD BEHAVIOR	0	1	0	0	0	0
LESSEE CLEANLINESS AND / OR DAMAGES	0	0	0	0	0	0
SUBLET BY LESSEE	0	0	0	0	2	1
ENTRY OF PREMISES	0	0	0	0	1	0
ENTRY DOORS	0	0	0	0	0	0
LATE PENALTY PAYMENT	0	0	0	0	0	0
QUIET ENJOYMENT	2	2	1	2	0	1
MOBILE HOMES	0	0	0	0	0	0
LESSEE DELIVERY OF POSSESSION	98	126	145	117	126	152
SECURITY DEPOSIT	15	17	23	22	19	25
RENT	74	112	81	65	67	82
PERSONAL PROPERTY	13	14	19	24	22	44
OTHER	5	3	8	6	9	6
TERMINATION	72	66	97	79	84	85
RENT INCREASE	13	75	17	25	20	28
TOTAL	345	513	450	416	422	530

Security Deposits

The Act sets out the handling and processing requirements for security deposits taken as a condition of the rental agreement. The lessor is required to deposit the funds at a financial institution in a designated trust account and interest accrues while the deposit is held. Within 10 days of the lessee delivering up possession of the premises, the lessor must return the deposit with interest unless the lessor is retaining the security deposit. The lessor may retain all or a portion of the deposit to cover damages or unpaid rent but if this is done, the lessee must be advised of the nature and amount of charges made. If an agreement is not reached between the parties, the lessee may request a decision by the Director; at which time the deposited funds are forwarded and held in trust by the Director. An investigation is then carried out and a decision is rendered.

The Office received 63 applications for a determination as to whether the lessor or the lessee should receive the security deposit during this reporting period. This represents an increase of 27 from the previous year's total of 36 applications.

Termination of Rental Agreements

The Act provides for limited security of tenure for the lessee whereby the lessee must be given, in writing, the proper notice and the reason for the termination of the rental agreement. Termination is allowed only for the reasons set out in Sections 13, 14 and 15 of the Act. If a lessee wishes to challenge a notice of termination, the lessee must apply to the Office. The lessor may also apply for earlier termination of the rental agreement where circumstances warrant. In either case, when an application regarding termination is received, an investigation is carried out and a decision rendered.

In 2012-2013, the Office received 85 applications involving the termination of rental agreements during the reporting period. This represents an increase of one (1) from the previous year's level of 84 applications.

5. RENT INCREASES

Each year the Director invites written representation from lessors and lessees to assist in establishing the annual prescribed percentage rent increase. The Director is responsible for preparing background material for the Commission, with the Commission responsible for making the decision on the allowable percentage rent increase for the coming year. In 2011, the Commission had established the allowable percentage rent increase for 2012 at 2% for unheated residential premises and mobile home sites and 3.2% for heated residential premises. In 2012, the Commission established the permissible rent increase for 2013 at 1.5% for mobile home sites, 3% for unheated residential premises, and 5% for heated residential premises. Any rent increase exceeding the established amount requires approval by the Director before being charged and collected.

In 2012-2013, the Office received 28 applications involving rent increases. This represents an increase of 8 from the previous year's level of 20 applications.

6. APPEALS TO THE COMMISSION

The Commission has the power to hear appeals from the decisions of the Director. Of the 359 Orders issued on rental matters during the reporting period, 38 were appealed to the Commission. During 2011-2012, 34 of the 347 orders issued by the Director were appealed to the Commission.

7. SIGNIFICANT EVENTS

During this reporting period, the Office experienced a sharp increase in both inquiries made to the Office and applications filed. The process of realigning the office staff to better match the needs of the public began with the creation of two positions of Intake Officers and the elimination of the old positions of Information Officer and Administrative Assistant as of March 31, 2013. The Intake Officers will handle inquiries from the public and process documents with a view to enabling the Rental Officers to hear more applications and render more decisions in a shorter time period. The Office constantly strives to reduce the average time required to process matters from the time the application is filed to when a decision is rendered.

The Office continues its commitment to providing reliable general information on rental issues, both through its website at www.irac.pe.ca/rental and through presentations given throughout the Province by staff and the Director. Information sessions were held throughout the province with audiences of youth, industry, and educational groups throughout the reporting period. Throughout the reporting period, the Information Officer provided on-site training to front-line staff at each Access PEI location throughout the province, to assist those staff in the skills necessary to process applications made under the Act.